UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2019

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: 001-38672

ARVINAS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**47-2566120**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5 Science Park 395 Winchester Ave. New Haven, Connecticut	**06511**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (203) 535-1456

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 $0.001 per share	ARVN	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of July 30, 2019, the registrant had 33,717,343 shares of common stock, $0.001 par value per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “target,” “potential,” “goals,” “will,” “would,” “could,” “should,” “continue” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this Quarterly Report on Form 10-Q include, among other things, statements about:

- the timing and conduct of our clinical trial programs of ARV-110 and ARV-471, including statements regarding the timing of initiation and completion of the clinical trials and the period during which the results of the clinical trials will become available;
- the timing of, and our ability to obtain, marketing approval of ARV-110 and ARV-471, and the ability of ARV-110 and ARV-471 and our other product candidates to meet existing or future regulatory standards;
- our plans to pursue research and development of other product candidates;
- the potential advantages of our platform technology and our product candidates;
- the extent to which our scientific approach and platform technology may potentially address a broad range of diseases;
- the potential benefits of our arrangements with Yale University and Professor Crews;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- the potential receipt of revenue from future sales of our product candidates;
- the rate and degree of market acceptance and clinical utility of our product candidates;
- our estimates regarding the potential market opportunity for our product candidates;
- our sales, marketing and distribution capabilities and strategy;
- our ability to establish and maintain arrangements for manufacture of our product candidates;
- the potential achievement of milestones and receipt of payments under our collaborations;
- our ability to enter into additional collaborations with third parties;
- our intellectual property position;
- our estimates regarding expenses, future revenues, capital requirements and needs for additional financing;
- the impact of government laws and regulations; and
- our competitive position.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Quarterly Report on Form 10-Q, particularly in the “Risk Factors” section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this Quarterly Report on Form 10-Q and the documents that we have filed as exhibits to this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements except as required by applicable law.

In this Quarterly Report on Form 10-Q, unless otherwise stated or the context otherwise requires, references to the “Company,” “Arvinas,” “we,” “us,” and “our,” except where the context requires otherwise, refer to Arvinas, Inc. and its consolidated subsidiaries, or any one or more of them as the context may require, and “our board of directors” refers to the board of directors of Arvinas, Inc.

Item 1. Financial Statements.

ARVINAS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (unaudited)

	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 11,342,178	$ 3,190,056
Marketable securities	147,831,005	184,637,640
Account receivable	—	2,775,831
Other receivables	1,402,085	2,255,966
Prepaid expenses and other current assets	2,685,820	2,818,286
Total current assets	163,261,088	195,677,779
Property, equipment and leasehold improvements, net	6,366,491	3,583,036
Operating lease right of use assets	2,397,789	—
Other assets	20,760	20,760
Total assets	$ 172,046,128	$ 199,281,575
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,411,471	$ 2,758,184
Accrued expenses	3,998,974	4,001,276
Deferred revenue	14,815,957	16,065,957
Current portion of long-term debt	71,499	154,461
Current portion of operating lease liability	647,872	—
Total current liabilities	20,945,773	22,979,878
Deferred revenue	30,701,736	37,484,714
Long term debt, net of current portion	2,000,000	2,000,000
Operating lease liability	1,893,359	—
Other noncurrent liability	—	150,000
Total liabilities	55,540,868	62,614,592
Commitments and Contingencies		
Stockholders' equity:		
Common stock, $0.001 par value; 31,523,474 and 31,235,458 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	31,524	31,236
Accumulated deficit	(333,833,758)	(302,264,619)
Additional paid-in capital	450,007,344	439,118,089
Accumulated other comprehensive income (loss)	300,150	(217,723)
Total stockholders' equity	116,505,260	136,666,983
Total liabilities and stockholders' equity	$ 172,046,128	$ 199,281,575

See accompanying notes

ARVINAS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)

Condensed Consolidated Statements of Operations	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	$ 4,016,489	$ 3,399,895	$ 8,032,979	$ 7,508,491
Operating expenses:				
Research and development	16,000,638	10,337,835	30,190,996	17,481,652
General and administrative	6,440,779	1,579,605	12,081,409	2,826,492
Total operating expenses	22,441,417	11,917,440	42,272,405	20,308,144
Loss from operations	(18,424,928)	(8,517,545)	(34,239,426)	(12,799,653)
Other income (expenses)				
Other income, net	191,729	130,945	434,850	258,394
Change in fair value of preferred unit warrant	—	2,516	—	(193,779)
Interest income	1,091,331	539,413	2,281,853	750,650
Interest expense	(22,778)	(9,871)	(46,416)	(20,540)
Total other income	1,260,282	663,003	2,670,287	794,725
Net loss	(17,164,646)	(7,854,542)	(31,569,139)	(12,004,928)
Change in fair value of redeemable convertible preferred units	—	(14,834,049)	—	(86,316,147)
Net loss attributable to common shares/units	$ (17,164,646)	$ (22,688,591)	$ (31,569,139)	$ (98,321,075)
Net loss per common share/unit, basic and diluted	$ (0.55)	$ (11.96)	$ (1.01)	$ (51.81)
Weighted average common shares/units outstanding, basic and diluted	31,440,051	1,897,544	31,408,658	1,897,544

Condensed Consolidated Statements of Comprehensive Loss	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net loss	$ (17,164,646)	$ (7,854,542)	$ (31,569,139)	$ (12,004,928)
Other comprehensive gain (loss):				
Unrealized gain (loss) on available-for-sale securities	220,119	(28,831)	517,873	(86,863)
Comprehensive loss	$ (16,944,527)	$ (7,883,373)	$ (31,051,266)	$ (12,091,791)

See accompanying notes

ARVINAS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Redeemable Convertible Preferred Units/Shares and Changes in Members'/Stockholders' Equity (unaudited)

	Series A Redeemable Convertible Preferred		Series B Redeemable Convertible Preferred		Series C Redeemable Convertible Preferred	
	Units	Amount	Units	Amount	Units	Amount
Balance at April 1, 2018	22,463,665	$ 59,528,712	24,977,489	$ 73,433,818	—	$ —
Incentive unit-based compensation	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Change in redemption value of redeemable convertible preferred units	—	6,289,826	—	5,744,822	—	2,799,401
Issuance of Series C redeemable convertible preferred units	—	—	—	—	16,467,066	55,000,001
Unrealized loss on available-for-sale securities	—	—	—	—	—	—
Balance at June 30, 2018	22,463,665	$ 65,818,538	24,977,489	$ 79,178,640	16,467,066	$ 57,799,402
Balance at April 1, 2019	—	$ —	—	$ —	—	$ —
Stock-based compensation	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Restricted stock vesting	—	—	—	—	—	—
Proceeds from exercise of stock options	—	—	—	—	—	—
Unrealized gain on available-for-sale securities	—	—	—	—	—	—
Balance at June 30, 2019	—	$ —	—	$ —	—	$ —

	Common		Common		Incentive		Accumulated	Additional Paid-in	Accumulated Other Comprehensive	Total Stockholders'/ Members'
	Units	Amount	Shares	Amount	Units	Amount	Deficit	Capital	Income (Loss)	Equity
Balance at April 1, 2018	1,897,544	$ 6,167	—	$ —	3,829,223	$ 1,333,149	$ (138,049,881)	$ —	$ (67,783)	$ (136,778,348)
Incentive unit-based compensation	—	—	—	—	1,509,850	979,873	—	—	—	979,873
Net loss	—	—	—	—	—	—	(7,854,542)	—	—	(7,854,542)
Change in redemption value of redeemable convertible preferred units	—	—	—	—	—	—	(14,834,049)	—	—	(14,834,049)
Issuance of Series C redeemable convertible preferred units	—	—	—	—	—	—	—	—	—	—
Unrealized loss on available-for-sale securities	—	—	—	—	—	—	—	—	(28,831)	(28,831)
Balance at June 30, 2018	1,897,544	$ 6,167	—	$ —	5,339,073	$ 2,313,022	$ (160,738,472)	$ —	$ (96,614)	$ (158,515,897)
Balance at April 1, 2019	—	$ —	31,368,864	$ 31,369	—	$ —	$ (316,669,112)	$ 444,295,404	$ 80,031	$ 127,737,692
Stock-based compensation	—	—	—	—	—	—	—	5,312,607	—	5,312,607
Net loss	—	—	—	—	—	—	(17,164,646)	—	—	(17,164,646)
Restricted stock vesting	—	—	129,642	130	—	—	—	(130)	—	—
Proceeds from exercise of stock options	—	—	24,968	25	—	—	—	399,463	—	399,488
Unrealized gain on available-for-sale securities	—	—	—	—	—	—	—	—	220,119	220,119
Balance at June 30, 2019	—	$ —	31,523,474	$ 31,524	—	$ —	$ (333,833,758)	$ 450,007,344	$ 300,150	$ 116,505,260

See accompanying notes

Condensed Consolidated Statements of Redeemable Convertible Preferred Units/Shares and Changes in Members'/Stockholders' Equity (unaudited)

	Series A Redeemable Convertible Preferred		Series B Redeemable Convertible Preferred		Series C Redeemable Convertible Preferred	
	Units	Amount	Units	Amount	Units	Amount
Balance at December 31, 2017	22,463,665	$ 19,768,025	24,977,489	$ 41,712,407	—	$ —
Incentive unit-based compensation	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Change in redemption value of redeemable convertible preferred units	—	46,050,513	—	37,466,233	—	2,799,401
Issuance of Series C redeemable convertible preferred units	—	—	—	—	16,467,066	55,000,001
Unrealized loss on available-for-sale securities	—	—	—	—	—	—
Balance at June 30, 2018	22,463,665	$ 65,818,538	24,977,489	$ 79,178,640	16,467,066	$ 57,799,402
Balance at December 31, 2018	—	$ —	—	$ —	—	$ —
Stock-based compensation	—	—	—	—	—	—
Net loss	—	—	—	—	—	—
Restricted stock vesting	—	—	—	—	—	—
Proceeds from exercise of stock options	—	—	—	—	—	—
Unrealized gain on available-for-sale securities	—	—	—	—	—	—
Balance at June 30, 2019	—	$ —	—	$ —	—	$ —

	Common		Common		Incentive		Accumulated	Additional Paid-in	Accumulated Other Comprehensive	Total Stockholders'/ Members'
	Units	Amount	Shares	Amount	Units	Amount	Deficit	Capital	Income (Loss)	Equity
Balance at December 31, 2017	1,897,544	$ 6,167	—	$ —	3,669,963	$ 1,186,419	$ (62,417,397)	$ —	$ (9,751)	$ (61,234,562)
Incentive unit-based compensation	—	—	—	—	1,669,110	1,126,603	—	—	—	1,126,603
Net loss	—	—	—	—	—	—	(12,004,928)	—	—	(12,004,928)
Change in redemption value of redeemable convertible preferred units	—	—	—	—	—	—	(86,316,147)	—	—	(86,316,147)
Issuance of Series C redeemable convertible preferred units	—	—	—	—	—	—	—	—	—	—
Unrealized loss on available-for-sale securities	—	—	—	—	—	—	—	—	(86,863)	(86,863)
Balance at June 30, 2018	1,897,544	$ 6,167	—	$ —	5,339,073	$ 2,313,022	$ (160,738,472)	$ —	$ (96,614)	$ (158,515,897)
Balance at December 31, 2018	—	$ —	31,235,458	$ 31,236	—	$ —	$ (302,264,619)	$ 439,118,089	$ (217,723)	$ 136,666,983
Stock-based compensation	—	—	—	—	—	—	—	10,490,055	—	10,490,055
Net loss	—	—	—	—	—	—	(31,569,139)	—	—	(31,569,139)
Restricted stock vesting	—	—	263,048	263	—	—	—	(263)	—	—
Proceeds from exercise of stock options	—	—	24,968	25	—	—	—	399,463	—	399,488
Unrealized gain on available-for-sale securities	—	—	—	—	—	—	—	—	517,873	517,873
Balance at June 30, 2019	—	$ —	31,523,474	$ 31,524	—	$ —	$ (333,833,758)	$ 450,007,344	$ 300,150	$ 116,505,260

See accompanying notes

ARVINAS, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (unaudited)

	For the Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net loss	$ (31,569,139)	$ (12,004,928)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of debt discount	8,982	4,491
Change in fair value of preferred unit warrant liability	—	193,779
Depreciation and amortization	556,619	291,504
Net accretion of bond discounts/premiums	(88,852)	117,583
Amortization of right to use assets	366,610	—
Non-cash compensation	10,490,055	1,126,603
Changes in operating assets and liabilities:		
Account receivable	2,775,831	25,000,000
Other receivables	853,881	(921,973)
Prepaid expenses and other current assets	(17,534)	(1,674,044)
Accounts payable	(1,419,457)	1,060,051
Accrued expenses	(2,302)	(1,561,132)
Deferred revenue	(8,032,978)	(4,508,491)
Operating lease liabilities	(223,168)	—
Net cash provided by (used in) operating activities	(26,301,452)	7,123,443
Cash flows from investing activities:		
Purchase of marketable securities	(37,852,640)	(106,321,225)
Maturities of marketable securities	75,266,000	17,989,000
Purchase of property, equipment and leasehold improvements	(3,267,330)	(1,270,222)
Net cash provided by (used in) investing activities	34,146,030	(89,602,447)
Cash flows from financing activities:		
Repayments of long-term debt	(91,944)	(80,829)
Proceeds from sale of redeemable convertible preferred units	—	55,000,001
Proceeds from exercise of stock options	399,488	—
Net cash provided by financing activities	307,544	54,919,172
Net increase in cash and cash equivalents	8,152,122	(27,559,832)
Cash and cash equivalents, beginning of the period	3,190,056	30,912,391
Cash and cash equivalents, end of the period	$ 11,342,178	$ 3,352,559
Supplemental disclosure of cash flow information:		
Purchases of property, equipment and leasehold improvements unpaid at period end	$ 72,744	$ —
Cash paid for interest	$ 37,434	$ 11,558
Change in redemption value of preferred units	$ —	$ (86,316,147)

See accompanying notes

1. Nature of Business

Arvinas, Inc. and subsidiaries (the Company) is a biopharmaceutical company dedicated to improving the lives of patients suffering from debilitating and life-threatening diseases throughout the discovery, development and commercialization of therapies to degrade disease-causing proteins. The Company expects to incur additional operating losses and negative operating cash flows for the foreseeable future.

On October 1, 2018, the Company completed an initial public offering (IPO) in which the Company issued and sold 7,500,000 shares of common stock at a public offering price of $16.00 per share. In October 2018, the underwriters of the IPO exercised an option to purchase 200,482 additional shares of the Company's common stock at an offering price of $16.00 per share. The Company's aggregate gross proceeds from the sale of shares in the IPO, including the option, were $123.2 million before underwriting discounts and commissions and expenses of $12.0 million.

On October 1, 2018, all of the outstanding shares of convertible preferred stock automatically converted into 19,697,928 shares of common stock at the applicable conversion ratio then in effect. Subsequent to the closing of the IPO, there were no shares of preferred stock outstanding.

2. Summary of Significant Accounting Policies

Unaudited Interim Financial Statements

The accompanying condensed consolidated financial statements are unaudited and have been prepared by the Company in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and pursuant to the rules and regulations of the Securities and Exchange Commission. The year-end condensed consolidated balance sheet data was derived from the Company's audited financial statements but does not include all disclosures required by U.S. GAAP. These condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2018 and 2017 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on March 26, 2019 (the Annual Report). The condensed consolidated financial statements, in the opinion of management, reflect all normal and recurring adjustments necessary for a fair statement of the Company's financial position and results of operations.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. ASU 2016-02 requires lessees to present right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. The guidance is effective for years beginning after December 15, 2018 and is to be applied using a modified retrospective approach applied at the beginning of the earliest comparative period in the financial statements or in the year of adoption with a cumulative effect to the opening balance of retained earnings. The Company adopted the new guidance as of January 1, 2019 using the modified retrospective adoption method in which it did not restate prior periods. The Company elected the practical expedient to include both lease and non-lease components as a single component and account for it as a lease. In adopting the standard, the Company also elected to utilize several other practical expedients, including not reassessing contracts for classification as a lease, not having to reassess the lease classification of existing leases, and not reassessing the initial direct costs of existing leases. The adoption of this standard resulted in the recognition of right-of-use assets and related lease liabilities of approximately $2.4 million related to its operating lease commitments on the Condensed Consolidated Balance Sheet as of January 1, 2019.

In June 2018, the FASB issued ASU No. 2018-07*, Improvements in Nonemployee Share-Based Payment Accounting*. ASU 2018-07 aligns the accounting for share-based payment awards to nonemployees with the accounting for share-based awards to employees. ASU 2018-07 is effective for interim and annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company adopted ASU 2018-07 in the first quarter of 2019. The adoption of the standard was immaterial to the accompanying condensed consolidated financial statements.

During the three months ended June 30, 2019, there were no other changes to the Company's significant accounting policies as described in Note 2 to the financial statements included in the Company's condensed consolidated financial statements as of December 31, 2018 and 2017 and for the years then ended included in the Annual Report.

3. Research Collaboration and License Agreements

In December 2017, the Company entered into a Research Collaboration and License Agreement with Pfizer, Inc. (Pfizer) (the Pfizer Agreement). Under the terms of the Pfizer Agreement, the Company received an upfront non-refundable payment and certain additional payments totaling $28.0 million in 2018 in exchange for use of the Company's technology license and to fund Pfizer-related research as defined within the agreement. These payments are being recognized as revenue over the total estimated period of performance. The Company is also eligible to receive up to an additional $37.5 million in non-refundable option payments if Pfizer exercises its options for all targets under the agreement. Pfizer exercised an option for $2.5 million in December 2018 and the amount was included in accounts receivable at December 31, 2018. The option will be recognized as revenue over the estimated period of performance. The Company is also entitled to receive up to $225 million in development milestone payments and up to $550 million in sales-based milestone payments for all designated targets under the Pfizer Agreement, as well as tiered royalties based on sales.

In September 2015, the Company entered into an Option and License Agreement with Genentech, Inc. and F. Hoffman-La Roche Ltd. (together, Genentech) (the Genentech Agreement). During 2015, the Company received an upfront non-refundable payment of $11.0 million in exchange for use of the Company's technology license and to fund Genentech-related research as defined within the Genentech Agreement. In November 2017, the Company entered into an Amended and Restated Option, License, and Collaboration Agreement with Genentech, Inc. and F. Hoffman-La Roche Ltd. (the Genentech Modification), amending the Genentech Agreement. Under the Genentech Modification, the Company received additional upfront non-refundable payments of $34.5 million to fund Genentech-related research and Genentech has the right to designate up to ten targets. The Company is eligible to receive up to $27.5 million in additional expansion target payments if Genentech exercises its options on all remaining targets. Upfront non-refundable payments are recognized as revenue over the total estimated period of performance. The Company is eligible to receive up to $44.0 million per target in development milestone payments, $52.5 million in regulatory milestone payments and $60.0 million in commercial milestones based on sales thresholds as well as tiered royalties based on sales.

Information about contract liabilities is as follows:

	June 30, 2019	December 31, 2018
Contract liabilities	$ 45,517,693	$ 53,550,671
Revenues recognized in the period from:		
Amounts included in deferred revenue in previous periods	$ 8,032,979	$ 13,553,136

Changes in deferred revenue from December 31, 2018 to June 30, 2019 were due to $8.0 million of revenue recognized on the research collaboration and license agreements.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as of June 30, 2019 was $45.5 million, which is expected to be recognized as revenue for the years ending December 31 are:

Remainder of 2019	$ 8.0
2020	13.6
2021	13.5
2022	8.6
2023	1.8
	$ 45.5

4. Fair Value Measurements

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of financial instruments held by the Company. ASC 825, *Financial Instruments*, defines fair value and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The Company's principal financial instruments are comprised of cash, marketable securities, accounts receivable, accounts payable, accrued liabilities and long-term debt. The carrying value of all financial instruments approximates fair value. The three levels of valuation hierarchy are defined as follows:

Level 1—Inputs are based upon observable or quoted prices for identical instruments traded in active markets.

Level 2—Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company's Level 2 investments consist primarily of corporate notes and bonds and U.S. government and agency securities.

Level 3—Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The Company's marketable securities consist of corporate bonds and a government bond which are adjusted to fair value each balance sheet date, based on quoted prices, which are considered Level 2 inputs. The fair value of the preferred unit warrant liability was measured on a recurring basis and was considered a Level 3 instrument in the fair value hierarchy. See Note 8 for a description and terms of the warrant, the valuation method used and significant assumptions used in the valuation.

The following is a summary of the Company's available-for-sale securities as of June 30, 2019 and December 31, 2018:

June 30, 2019

Description	Effective Maturity	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	2019-2020	$ 128,081,144	178,163	—	$ 128,259,307
Government bonds	2019	2,984,544	7,956	—	2,992,500
Corporate bonds	2020	16,465,166	114,032	—	16,579,198
		$ 147,530,854	$ 300,151	$ —	$ 147,831,005

December 31, 2018

Description	Effective Maturity	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	2019	$ 154,859,427	—	(165,630)	$ 154,693,797
Government bonds	2019	2,966,262	2,778	—	2,969,040
Corporate bonds	2020	27,029,673	—	(54,870)	26,974,803
		$ 184,855,362	2,778	(220,500)	$ 184,637,640

The following tables summarize the fair values and levels within the fair value hierarchy in which the fair value measurements fall for assets and liabilities measured on a recurring basis:

June 30, 2019

Description	Level 1	Level 2	Level 3	Total
Assets:				
Corporate bonds	$ —	$ 144,838,505	$ —	$ 144,838,505
Government bonds	$ —	$ 2,992,500	$ —	$ 2,992,500

December 31, 2018 Description	Level 1	Level 2	Level 3	Total
Assets:				
Corporate bonds	$ —	$ 181,668,600	$ —	$ 181,668,600
Government bonds	$ —	$ 2,969,040	$ —	$ 2,969,040

5. Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements consist of the following at:

	June 30, 2019	December 31, 2018
Laboratory equipment	$ 5,968,924	$ 3,757,265
Office equipment	728,821	577,418
Leasehold improvements	1,945,289	981,884
	8,643,034	5,316,567
Less: accumulated depreciation and amortization	(2,276,543)	(1,733,531)
Property, equipment and leasehold improvements, net	$ 6,366,491	$ 3,583,036

Depreciation and amortization expense totaled $310,461 and $168,476 for the three months ended June 30, 2019 and 2018, respectively, and $556,619 and $291,504 for the six months ended June 30, 2019 and 2018, respectively.

6. Right to Use Assets and Liabilities

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the condensed consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate was 5.1%. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Some of our leases include options to extend or terminate the lease. The Company includes these options in the recognition of the Company's ROU assets and lease liabilities when it is reasonably certain that the Company will exercise the option.

The Company has operating leases for its corporate office and certain equipment, which expire no later than December 31, 2022. The leases have a weighted average remaining term of 3.5 years. Maturities of lease liabilities for the years ending December 31 are:

2019	$ 450,816
2020	839,555
2021	840,498
2022	823,403
Total lease payments	2,954,272
Less: imputed interest	(282,895)
Total	$ 2,671,377

The amortization of the ROU assets for the three and six months ended June 30, 2019 was $186,212 and $366,610, respectively.

Prior to January 1, 2019, the Company accounted for its leases in accordance with ASC Topic 840, *Leases*. At December 31, 2018, the Company was committed under operating leases for its corporate office and certain equipment. As previously disclosed in the Annual Report and under previous lease accounting guidance, future minimum lease payments under non-cancelable operating leases as of December 31, 2018 totaled $2,885,594, comprised of $705,606 for 2019, $731,541 for 2020 and 2021, and $716,906 for 2022.

7. Accrued Expenses

Accrued expenses consisted of the following at:

	June 30, 2019	December 31, 2018
Employee expenses	$ 2,512,324	$ 2,795,205
Research and development expenses	675,964	357,148
Professional fees and other	810,686	848,923
	$ 3,998,974	$ 4,001,276

8. Long-Term Debt

In August 2013, the Company entered into a Loan Agreement (Loan) and a Stock Subscription Warrant, with Connecticut Innovations, Incorporated (CII). Under the Loan, the Company can draw up to $750,000 for the purpose of purchasing laboratory equipment, information technology equipment and leasehold improvements. Leasehold improvements are limited to $100,000. Interest on the Loan is compounded on a monthly basis at a rate of 7.50% per annum and is required to be paid on a monthly basis beginning on the date of the first draw of funds for 10 months, then with principal payments beginning on June 1, 2015 and payable monthly until the maturity date of July 31, 2019. The Company has the ability to prepay the amount due at any time prior to the maturity date without premium or penalty. The Loan is secured by substantially all of the Company's assets. As of June 30, 2019 and December 31, 2018, the amount outstanding under the Loan was $77,667 and $169,610, respectively. The Company paid the loan in full in July 2019. At June 30, 2019 and December 31, 2018, the total unamortized debt discount on the Loan totaled $1,030 and $7,210, respectively. Interest expense recorded related to the amortization of the debt discount in each of the six months ended June 30, 2019 and 2018 was $6,180.

In connection with the issuance of the Loan, and as additional consideration, the Company granted CII a warrant to purchase 110,116 shares of the Company's Series A Preferred Stock at a purchase price of $0.6811 per share, with a term of 7 years from the date of issuance (CII Series A Preferred Stock Warrant). Effective January 1, 2015, the CII Series A Preferred Stock Warrant was exchanged for a warrant to purchase 110,116 units of the Company's Series A redeemable convertible preferred units (CII Series A Preferred Unit Warrant). In July 2018, CII exercised the CII Series A Preferred Unit Warrant.

In connection with an Assistance Agreement with the State of Connecticut (Assistance Agreement) entered into in 2014, under which all the borrowings by the Company were forgiven in accordance with the Assistance Agreement, the Company is required to be located in the State of Connecticut through January 2024, with a default penalty of repayment of the full original funding amount of $2.5 million plus liquidated damages of 7.5%.

In June 2018, the Company entered into an Assistance Agreement with the State of Connecticut (2018 Assistance Agreement) to provide funding for the expansion and renovation of laboratory and office space (Project). Under the terms of the 2018 Assistance Agreement, the Company could borrow from the State of Connecticut a maximum of $2.0 million, provided that the funding does not exceed more than 50% of the total Project costs. In September 2018, the Company borrowed $2.0 million under the 2018 Assistance Agreement, bearing interest at 3.25% per annum and interest payments will be required for the first 60 months from the funding date. Thereafter, the loan amortizes over the next sixty months, maturing in September 2028. According to the terms of the 2018 Assistance Agreement, up to $1.0 million of the funding thereunder can be forgiven if the Company meets certain employment conditions, as defined therein. The Company may also be required to prepay a portion of the loan if the employment conditions are not met. The 2018 Assistance Agreement requires that the Company be located in the State of Connecticut through June 2028 with a default penalty of repayment of the full original funding amount of $2.0 million plus liquidated damages of 7.5% of the total amount of funding received.

Anticipated future minimum payments on long-term debt for the years ending December 31 are:

2019	$	77,667
2023		92,480
2024		377,516
Beyond		1,530,004
Total	$	2,077,667

During the three months ended June 30, 2019 and 2018, interest expense was $22,778 and $10,669, respectively. During the six months ended June 30, 2019 and 2018, interest expense was $46,416 and $20,540, respectively.

9. Incentive Equity Plans

In the Fourth Amendment to the Company's Incentive Share Plan (the Incentive Plan) adopted in March 2018, the Company was authorized to issue up to an aggregate of 6,199,477 incentive units pursuant to the Incentive Plan. Generally, incentive units were granted at no less than fair value as determined by the board of managers and had vesting periods ranging from one to four years. The Incentive Plan was terminated in September 2018. In September 2018, the Company's board of directors adopted and the Company's stockholders approved the 2018 Stock Incentive Plan (the 2018 Plan), which became effective upon the effectiveness of the registration statement on Form S-1 for the Company's IPO. The number of common shares initially available for issuance under the 2018 Plan is the sum of (1) 4,067,007 shares of common stock; plus (2) the number of shares of common stock (up to 1,277,181) issued in respect of incentive units granted under the Incentive Plan that are subject to vesting immediately prior to the effectiveness of the registration statement that expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right; plus (3) an annual increase on the first day of each fiscal year beginning with the fiscal year ending December 31, 2019 and continuing to, and including, the fiscal year ending December 31, 2028, equal to the lowest of 4,989,593 shares of the Company's common stock, 4% of the number of shares of the Company's common stock outstanding on the first day of the fiscal year and an amount determined by the Company's board of directors. The increase in the number of authorized shares for the fiscal year ending December 31, 2019 was 1,293,510.

During the six months ended June 30, 2019, the Company granted 1,195,988 stock options to purchase shares of common stock to employees and directors at a weighted average fair value of $12.58 per share. During the six months ended June 30, 2019, the Company also granted 176,841 restricted stock units, which vest annually over four years.

During the six months ended June 30, 2019, the Company recognized compensation expense of $9,807,362 relating to the issuance of employee and director incentive awards, and at June 30, 2019, there was $19,543,078 of compensation expense that is expected to be amortized over a weighted average period of approximately two years.

During the six months ended June 30, 2019, the Company recognized compensation expense of $682,693 relating to incentive share awards for consultants and at June 30, 2019, there was $873,277 of compensation expense remaining to be amortized over a weighted average period of approximately 1.4 years.

The fair value of the incentive units granted during the six months ended June 30, 2018 was determined using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2018
Expected volatility	66.0-71.0%
Expected term (years)	5.6-6.1
Risk free interest rate	2.5-2.9%
Expected dividend yield	0%
Fair value of underlying common units	$1.08-8.48

The fair value of the underlying common units was utilized as the exercise price within the Black-Scholes option pricing model.

The fair value of the stock options granted during the six months ended June 30, 2019 was determined using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2019
Expected volatility	70.2-70.5%
Expected term (years)	5.5-7.0
Risk free interest rate	1.9-2.7%
Expected dividend yield	0%
Exercise price	$17.29-22.25

Given the Company's common stock has not been trading for a sufficient period of time, the Company utilizes a collection of volatilities of peer companies to estimate the expected volatility of its common stock. The expected term is calculated utilizing the simplified method.

The following table provides a summary of the restricted stock grant activity under the Incentive Plan during the six months ended June 30, 2019. These amounts include restricted stock granted to employees, directors and consultants.

	Shares	Weighted Average Grant Date Fair Value Per Share
Unvested restricted stock at December 31, 2018	1,102,289	$ 16.00
Vested	(263,366)	$ 16.00
Forfeited	(16,246)	$ 16.00
Unvested restricted stock at June 30, 2019	822,677	$ 16.00

The following table provides a summary of the stock option activity under the 2018 Plan during the six months ended June 30, 2019. These amounts include stock options granted to employees, directors and consultants.

	Options	Weighted Average Fair Value
Outstanding at December 31, 2018	2,273,024	$ 9.88
Granted	1,195,988	$ 12.58
Exercised	(24,968)	$ 9.41
Forfeited	(39,638)	$ 10.23
Outstanding at June 30, 2019	3,404,406	$ 10.82
Exercisable at June 30, 2019	802,057	$ 9.75

The following table provides a summary of the restricted stock unit activity under the 2018 Plan during the six months ended June 30, 2019. These amounts include restricted stock units granted to employees.

	Shares	Weighted Average Grant Date Fair Value Per Share
Unvested restricted stock units at December 31, 2018	—	$ —
Granted	176,841	$ 19.36
Unvested restricted stock units at June 30, 2019	176,841	$ 19.36

At June 30, 2019, there were 677,215 restricted shares under the Incentive Plan and 2,984,885 stock options under the 2018 Plan that vested and are expected to vest.

10. Income Taxes

The Company's effective tax rate was 0.0% for the six months ended June 30, 2019 and 2018. The primary reconciling items between the federal statutory rate of 21.0% and 34.0% for the six months ended June 30, 2019 and 2018, respectively, and the Company's overall effective tax rate of 0.0% was the effect of equity compensation and the valuation allowance recorded against the full amount of its net deferred tax assets.

Valuation allowance is established when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The realization of deferred tax assets depends on the generation of future taxable income during the period in which related temporary differences become deductible.

The Company is subject to tax in the U.S. Federal jurisdiction and the states of Connecticut and Massachusetts. The Company pays franchise tax in the states mentioned above due to its loss position. As a result, there is no state income tax provision recorded for the six months ended June 30, 2019 and 2018.

11. Net Loss Per Common Share/Unit

Basic and diluted loss per common share/unit were calculated as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net loss	$ (17,164,646)	$ (7,854,542)	$ (31,569,139)	$ (12,004,928)
Change in redemption value of preferred units	—	(14,834,049)	—	(86,316,147)
Net loss attributable to common shares/units—basic and diluted	$ (17,164,646)	$ (22,688,591)	$ (31,569,139)	$ (98,321,075)
Weighted average number of common shares/units outstanding, basic and diluted	31,440,051	1,897,544	31,408,658	1,897,544
Net loss per common share/unit	$ (0.55)	$ (11.96)	$ (1.01)	$ (51.81)

The Company's potential dilutive securities have been excluded from the computation of diluted net loss per common share/unit as the effect would be to reduce the net loss per common share/unit. The incentive units that converted into restricted shares have been excluded from basic loss per unit given that the incentive units had no obligation to share in losses and have been excluded from dilutive loss per share due to their anti-dilutive effect. The following common share/unit equivalents have been excluded from the calculations of diluted loss per common share/unit because their inclusion would have been antidilutive for the periods ended June 30:

	2019	2018
Redeemable convertible preferred units	—	19,664,047
Incentive units	—	3,829,224
Restricted stock	822,677	—
Stock options	3,404,406	—
Restricted stock units	176,841	—
Preferred unit warrant	—	33,881
	4,403,924	23,527,152

12. Related Parties

Dr. Craig Crews, founder of the Company and the Chief Scientific Advisor to the Company, is a common shareholder in the Company and has a consulting agreement with the Company. The Company entered into an amendment to the amended and restated consulting agreement with Professor Crews, which became effective upon the closing of the IPO and continues in effect for three years, until September 26, 2021. Pursuant to the amendment, Professor Crews will be paid $20,833 per month for his services. During the six months ended June 30, 2019 and 2018, the Company paid Professor Crews $125,000 and $75,000, respectively, related to his consulting agreement. In connection with the conversion of incentive units, the Company also granted Professor Crews 235,150 options to purchase common stock at an exercise price of $16.00 per share, vesting over three years.

In July 2016, the Company entered into a Corporate Sponsored Research Agreement (SRA) with Yale University (Yale), under the direction of Professor Crews, which was amended in April 2018. The amended SRA extended the agreement until April 2021 and amended the scope of work. The amended SRA requires quarterly payments of $250,000 through the end of the agreement. The total payments made under the SRA for the six months ended June 30, 2019 and 2018 were $500,000 and $351,161, respectively. During the six months ended June 30, 2019 and 2018, the Company also paid Yale $208,774 and $37,473, respectively, for reimbursable patent costs.

During the six months ended June 30, 2019, in connection with the Company's license agreement with Yale, the Company met a milestone triggering a $50,000 payment to Yale upon the initiation of the Phase 1 clinical trial for ARV-110.

13. Subsequent Events

Bayer Collaboration Agreement

In June 2019, the Company and Bayer AG (together with its controlled affiliates, Bayer), directly or through one or more wholly owned subsidiaries, entered into a Collaboration and License Agreement (the Collaboration Agreement) setting forth the Company's collaboration to identify or optimize proteolysis targeting chimeras, or PROTAC® targeted protein degraders, that mediate for degradation of target proteins (Targets), using the Company's proprietary platform technology, which Targets will be selected by Bayer, subject to certain exclusions and limitations. The Collaboration Agreement became effective in July 2019 upon the occurrence of the JV Closing (as defined below).

Under the terms of the Collaboration Agreement, the Company is entitled to receive an aggregate upfront payment of $17.5 million, plus an additional $1.5 million in research funding payments within 30 days following Bayer's receipt of an invoice therefor after the date of closing. The Company is entitled to receive up to an additional $10.5 million in research funding payments. The Company is also eligible to receive up to $197.5 million in development milestone payments and up to $490.0 million in sales-based milestone payments for all designated Targets. In addition, the Company is eligible to receive, on net sales of PROTAC targeted protein degrader-related products, mid-single digit to low-double digit tiered royalties, which may be subject to reductions.

Bayer Joint Venture

Also in June 2019, the Company and Bayer entered into a Commitment Agreement (the Commitment Agreement) relating to the formation of a joint venture for the purpose of researching, developing and commercializing PROTAC targeted protein degraders for applications in the field of agriculture (JV Entity). The parties consummated the formation of the joint venture as contemplated by the Commitment Agreement in July 2019 (the JV Closing), upon the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the reportable transactions and the satisfaction of the other applicable closing conditions.

Pursuant to the terms of the Commitment Agreement and certain other agreements entered into at the JV Closing, the Company and Bayer each made an in-kind intellectual property contribution to the JV Entity at the JV Closing. In addition, Bayer has made a $56.0 million total cash commitment to the JV Entity, $16.0 million of which Bayer contributed to the JV Entity in connection with the JV Closing.

The Company and Bayer each hold an ownership interest in the JV Entity initially representing 50% of the ownership interests. A 15% ownership interest of the JV Entity is reserved for the future grant of incentive units to service providers of the JV Entity.

Bayer Stock Purchase Agreement

In June 2019, the Company entered into a Stock Purchase Agreement with Bayer pursuant to which, in connection with the JV Closing in July 2019, the Company issued and sold to Bayer 1,346,313 shares of the Company's common stock (the Shares) for an aggregate purchase price of approximately $32.5 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of financial condition and operating results together with our condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 26, 2019. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth in the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, our actual results may differ materially from those anticipated in or implied by these forward-looking statements. For convenience of presentation some of the numbers have been rounded in the text below.

Overview

We are a biopharmaceutical company dedicated to improving the lives of patients suffering from debilitating and life-threatening diseases through the discovery, development and commercialization of therapies which degrade disease-causing proteins. We use our proprietary technology platform to engineer proteolysis targeting chimeras, or PROTAC targeted protein degraders, that are designed to harness the body's own natural protein disposal system to selectively and efficiently degrade and remove disease-causing proteins. We believe that our targeted protein degradation approach is a new therapeutic modality that may provide distinct advantages over existing modalities, including traditional small molecule therapies and gene-based medicines. Our small molecule PROTAC technology has the potential to address a broad range of intracellular disease targets, including those representing the up to 80% of proteins that cannot be addressed by existing small molecule therapies, commonly referred to as undruggable targets. We are using our PROTAC platform to build an extensive pipeline of protein degradation product candidates to target diseases in a wide range of organ systems and tissues.

Our two lead product candidates are ARV-110 and ARV-471. We are developing ARV-110, a PROTAC protein degrader targeting the androgen receptor protein, or AR, for the treatment of men with metastatic castration-resistant prostate cancer, or mCRPC. In the first quarter of 2019, we initiated a Phase 1 clinical trial of ARV-110 and we expect to receive preliminary clinical data in the fourth quarter of 2019. In May 2019, ARV-110 was granted Fast Track designation by the U.S. Food and Drug Administration, or FDA, for the treatment of men with mCRPC whose disease has progressed after treatment with two or more systemic therapies. We are also developing ARV-471, a PROTAC protein degrader targeting the estrogen receptor protein, or ER, for the treatment of patients with locally advanced or metastatic ER positive / HER2 negative breast cancer. We expect to initiate a Phase 1 clinical trial for ARV-471 in the third quarter of 2019 and receive preliminary clinical data in 2020.

We commenced operations in 2013, and our operations to date have been limited to organizing and staffing our company, business planning, raising capital, conducting discovery and research activities, filing patent applications, identifying potential product candidates, undertaking preclinical studies and establishing arrangements with third parties for the manufacture of initial quantities of our product candidates. To date, we have not generated any revenue from product sales and have financed our operations primarily through sales of our equity interests, proceeds from our collaborations, grant funding and debt financing. Through June 30, 2019, we raised approximately $235.1 million in gross proceeds from the sale of common stock, and Series A, Series B and Series C convertible preferred units, and had received an aggregate of $92.1 million in payments from collaboration partners, grant funding and forgivable and partially forgivable loans from the State of Connecticut.

In June 2019, we entered into a Collaboration and License Agreement with Bayer AG, or, together with its controlled affiliates, Bayer. Also in June 2019, we entered into a Commitment Agreement with Bayer, relating to the formation of a joint venture, or the Joint Venture, for the purpose of researching, developing and commercializing PROTAC targeted protein degraders for applications in the field of agriculture, or the JV Entity. We refer to these agreements as the Bayer Collaboration Agreement and the Commitment Agreement, respectively. We consummated the formation of the joint venture with Bayer as contemplated by the Commitment Agreement in July 2019, upon the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the reportable transactions and the satisfaction of other application closing conditions, or the JV Closing. The Collaboration Agreement also became effective in July 2019 upon the occurrence of the JV Closing. Pursuant to the terms of the Commitment Agreement and certain other agreements entered into at the JV Closing, we and Bayer each made an in-kind intellectual property contribution to the JV Entity at the JV Closing. In addition, Bayer has made a $56.0 million total cash commitment to the JV Entity, $16.0 million of which Bayer contributed to the JV Entity in connection with the JV Closing. We and Bayer each hold an ownership interest in the JV Entity initially representing 50% of the ownership interests. A 15% ownership interest of the JV Entity is reserved for the future grant of incentive units to service providers of the JV Entity. The JV Entity will generally be governed by a board of managers, or the JV Board, which will initially be comprised of four voting members, two of which will be designated by us and two of which will be designated by Bayer. JV

Board decisions will generally be made by majority vote of the managers, with each manager having one vote. Certain matters will require both our consent and Bayer's or both of our and Bayer's designated managers on the JV Board. During the term of the Joint Venture and, in certain limited cases as described below, for one year following the end of the term of the Joint Venture, neither we, Bayer nor any of their respective affiliates may research, develop, manufacture, use or commercialize in the field of agriculture any PROTAC targeted protein degraders whose primary mechanism of action by design is the binding to and degradation of any Target, as defined below, subject to certain exclusions for early stage research activities and minority investments. The JV Entity and Bayer also entered into an option agreement (the Option Agreement) pursuant to which the parties will agree to certain procedures for, and preferential rights relating to, the possible transfer to Bayer of Protac targeted protein degrader product candidates researched, developed and commercialized by the JV Entity under the Joint Venture. In addition, in the event either Bayer or a third party licenses a PROTAC targeted protein degrader candidate from the JV Entity pursuant to the Option Agreement, the non-licensing party or parties to the Commitment Agreement will be prohibited from developing, commercializing or otherwise exploiting any product utilizing PROTAC technology to target the same Target as that of the licensed product candidate in the field of agriculture.

In connection with the execution of the Bayer Collaboration Agreement and the Commitment Agreement, we also entered into a Stock Purchase Agreement with Bayer (the Stock Purchase Agreement), pursuant to which, in connection with the JV Closing in July 2019, we issued and sold to Bayer 1,346,313 shares of our common stock for an aggregate purchase price of approximately $32.5 million. The price per share was $24.14, based on a 15% premium above our 60-day trading average from April 2, 2019 through May 31, 2019. The closing price of our stock on July 16, 2019, the closing date for the issuance of shares under the Stock Purchase Agreement, was $25.10. In connection with the closing under the Stock Purchase Agreement, we also entered into an Investor Agreement (the Investor Agreement) providing for registration rights, standstill and lock-up restrictions and a voting agreement with respect to the Shares.

We are a development stage company. ARV-110 is in Phase 1 clinical trials. ARV-471 is expected to enter Phase 1 clinical trials in the third quarter of 2019 and our other research initiatives are in preclinical development. Our ability to generate revenue from product sales sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our product candidates. Since inception, we have incurred significant operating losses. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. Our net loss was $31.6 million for the six months ended June 30, 2019, $41.5 million for the year ended December 31, 2018 and $24.0 million for the year ended December 31, 2017. As of June 30, 2019, we had an accumulated deficit of $333.8 million.

Our total operating expenses were $42.3 million for the six months ended June 30, 2019, $58.1 million for the year ended December 31, 2018 and $32.3 million for the year ended December 31, 2017. We anticipate that our expenses will increase substantially due to costs associated with our anticipated clinical activities for ARV-110 and ARV-471, development activities associated with our other product candidates, research activities in oncology, neurological and other disease areas to expand our pipeline, hiring additional personnel in research, clinical trials, quality and other functional areas, increased expenses incurred with contract manufacturing organizations, or CMOs, to supply us with product for our preclinical and clinical studies, as well as other associated costs including the management of our intellectual property portfolio.

We do not expect to generate revenue from sales of any product for many years, if ever. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research or product development programs or any future commercialization efforts, or to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

Financial Operations Overview

Revenue

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from the sale of products in the foreseeable future. Our revenues to date have been generated through research collaboration and license agreements. Revenue is recognized ratably over our expected performance period under each agreement. We expect that our revenue for the next several years will be derived primarily from our current collaboration agreements and any additional collaborations that we may enter into in the future. To date, we have not received any royalties under any of the collaboration agreements.

Genentech License Agreement

In September 2015, we entered into an Option and License Agreement with Genentech, Inc. and F. Hoffmann-La Roche Ltd, collectively referred to as Genentech, focused on PROTAC targeted protein degrader discovery and research for target proteins, or Targets, based on our proprietary platform technology, other than excluded Targets as described below. This collaboration was expanded in November 2017 through an Amended and Restated Option, License and Collaboration Agreement, which we refer to as the Restated Genentech Agreement.

Under the Restated Genentech Agreement, Genentech has the right to designate up to ten Targets for further discovery and research utilizing our PROTAC platform technology. Genentech may designate as a Target any protein to which a PROTAC targeted protein degrader, by design, binds to achieve its mechanism of action, subject to certain exclusions. Genentech also has the right to remove a Target from the collaboration and substitute a different Target that is not an excluded Target at any time prior to our commencing research on such Target or in certain circumstances following commencement of research by us.

At the time we entered into the original agreement with Genentech we received an upfront payment of $11.0 million, and at the time we entered into the Restated Genentech Agreement, we received an additional $34.5 million in upfront payments and expansion target payments. We are eligible to receive up to an aggregate of $27.5 million in additional expansion target payments if Genentech exercises its options for all remaining Targets. We are also eligible to receive payments aggregating up to $44.0 million per Target upon the achievement of specified development milestones; payments aggregating up to $52.5 million per Target (assuming approval of two indications) subject to the achievement of specified regulatory milestones; and payments aggregating up to $60.0 million per PROTAC targeted protein degrader directed against the applicable Target, subject to the achievement of specified sales milestones. These milestone payments are subject to reduction if we do not have a valid patent claim covering the licensed PROTAC targeted protein degrader at the time the milestone is achieved. We are also eligible to receive, on net sales of licensed PROTAC targeted protein degraders, mid-single digit royalties, which may be subject to reductions.

Pfizer Collaboration Agreement

In December 2017, we entered into a Research Collaboration and License Agreement with Pfizer, Inc., or Pfizer, setting forth our collaboration to identify or optimize PROTAC targeted protein degraders that mediate for degradation of Targets, using our proprietary platform technology that are identified in the agreement or subsequently selected by Pfizer, subject to certain exclusions. We refer to this agreement as the Pfizer Collaboration Agreement.

Under the Pfizer Collaboration Agreement, Pfizer has designated a number of initial Targets. For each identified Target, we and Pfizer will conduct a separate research program pursuant to a research plan. Pfizer may make substitutions for any of the initial Target candidates, subject to the stage of research for such Target.

In the year ended December 31, 2018, we received an aggregate of $28.0 million in upfront payments and certain additional payments under the terms of the Pfizer Collaboration Agreement. We are also eligible to receive up to an additional $37.5 million in non-refundable option payments if Pfizer exercises its options for all Targets under the agreement. Pfizer exercised an option for $2.5 million in December 2018 and the amount was received in January 2019. We are also entitled to receive up to $225.0 million in development milestone payments and up to $550.0 million in sales-based milestone payments for all designated Targets under the agreement, as well as mid- to high-single digit tiered royalties based on sales of PROTAC targeted protein degrader-related products, which may be subject to reductions.

Bayer Collaboration Agreement

In June 2019, we entered into the Bayer Collaboration Agreement with Bayer, setting forth our collaboration to identify or optimize PROTAC targeted protein degraders that mediate for degradation of Targets, using our proprietary platform technology, that are selected by Bayer, subject to certain exclusions and limitations. The Collaboration Agreement became effective in July 2019 upon the occurrence of the JV Closing.

Under the Bayer Collaboration Agreement, we and Bayer will conduct a research program pursuant to separate research plans mutually agreed to by us and Bayer and tailored to each Target selected by Bayer. Bayer may make substitutions for any such initial Target candidates, subject to certain conditions and based on the stage of research for such Target. During the term of the Collaboration Agreement, we are not permitted, either directly or indirectly, to design, identify, discover or develop any small molecule pharmacologically-active agent whose primary mechanism of action is, by design, directed to the inhibition or degradation of any Target selected or reserved by Bayer, or grant any license,

covenant not to sue or other right to any third party in the field of human disease under the licensed intellectual property for the conduct of such activities.

Under the terms of the Bayer Collaboration Agreement, we are entitled to receive an aggregate upfront payment of $17.5 million, plus an additional $1.5 million in research funding payments within 30 days following Bayer's receipt of an invoice therefor after the date of closing. We are entitled to receive up to an additional $10.5 million in research funding payments, subject to potential increases if our costs for research activities exceed the research funding payments allocated to a Target and certain conditions are met. We are also eligible to receive up to $197.5 million in development milestone payments and up to $490.0 million in sales-based milestone payments for all designated Targets. In addition, we are eligible to receive, on net sales of PROTAC targeted protein degrader-related products, mid-single digit to low-double digit tiered royalties, which may be subject to reductions.

Prior License Agreement

In April 2015, we entered into a collaboration agreement with Merck Sharp & Dohme Corp. We received an upfront non-refundable payment of $7.0 million, which was recognized as revenue over the total estimated period of performance. The agreement expired in April 2018.

Operating Expenses

Our operating expenses since inception have consisted solely of research and development costs and general and administrative costs.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts, and the development of our product candidates, and include:

- salaries, benefits and other related costs, including equity-based compensation expense, for personnel engaged in research and development functions;
- expenses incurred under agreements with third parties, including contract research organizations and other third parties that conduct research and preclinical activities on our behalf as well as third parties that manufacture our product candidates for use in our preclinical and potential future clinical trials;
- costs of outside consultants, including their fees, stock-based compensation and related travel expenses;
- the costs of laboratory supplies and developing preclinical studies and clinical trial materials;
- facility-related expenses, which include direct depreciation costs of equipment and allocated expenses for rent and maintenance of facilities and other operating costs; and
- third-party licensing fees.

We expense research and development costs as incurred.

We typically use our employee and infrastructure resources across development programs, and as such, do not track our internal research and development expenses on a program-by-program basis. We track outsourced development costs and certain personnel costs by product candidate. Other internal costs are not allocated.

The following table summarizes our research and development expenses by development program:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2019	2018	2019	2018
AR program development costs	$ 3,093	$ 2,846	$ 5,949	$ 5,034
ER program development costs	1,605	1,567	3,399	2,315
Other research and development costs	11,303	5,925	20,843	10,133
Total research and development costs	$ 16,001	$ 10,338	$ 30,191	$ 17,482

Research and development activities are central to our business model. We expect that our research and development expenses will continue to increase substantially for the foreseeable future as we conduct clinical trials for ARV-110 and advance ARV-471 into clinical trials and continue to discover and develop additional product candidates.

We cannot reasonably estimate or determine with certainty the duration and costs of future clinical trials of ARV-110 and ARV-471 or any other product candidate we may develop or if, when, or to what extent we will generate revenue from the commercialization and sale of any product candidate for which we obtain marketing approval. We may never succeed in obtaining marketing approval for any product candidate. The successful development and commercialization of our product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- successful completion of preclinical studies;
- successful initiation of clinical trials;
- successful patient enrollment in and completion of clinical trials;
- receipt and related terms of marketing approvals from applicable regulatory authorities;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for both clinical and commercial supplies of our product candidates;
- establishing sales, marketing and distribution capabilities and launching commercial sales of our products, if and when approved, whether alone or in collaboration with others;
- acceptance of our products, if and when approved, by patients, the medical community and third-party payors;
- obtaining and maintaining third-party coverage and adequate reimbursement;
- maintaining a continued acceptable safety profile of the products following approval; and
- effectively competing with other therapies.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a product candidate, or if we experience significant delays in our clinical trials due to patient enrollment or other reasons, we would be required to expend significant additional financial resources and time on the completion of clinical development.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in our executive, finance, business development and administrative functions. General and administrative expenses also include legal fees relating to intellectual property and corporate matters; professional fees for accounting, auditing, tax and consulting services; insurance costs; travel expenses; and facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expect that our general and administrative expenses will increase in the future as we increase our personnel headcount to support increased research and development activities relating to our product candidates. We also expect to incur increased expenses associated with being a public company, including costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with Nasdaq and Securities and Exchange Commission requirements; director and officer insurance costs; and investor and public relations costs.

Interest Income (Expense)

Interest income consists of interest earned on our cash, cash equivalents and short-term investments. Interest income has increased in 2019 as we invest our excess cash from the proceeds of our initial public offering, Series C financing and the payments received under the collaboration agreements. Interest expense consists of interest paid or accrued on our outstanding debt. Interest expense was approximately $46,000 and $21,000 for the six months ended June 30, 2019 and 2018, respectively. Interest expense has increased in 2019 with the additional interest payment on the State of Connecticut partially forgivable loan borrowed in September 2018.

Income Taxes

Since our inception in 2013, we have not recorded any U.S. federal or state income tax benefits for the net losses we have incurred in any year or for our federal earned research and development tax credits, due to our uncertainty of realizing a benefit from those items. As of December 31, 2018, we had federal net operating loss carryforwards of $58.3 million, which begin to expire in 2033. As of December 31, 2018, we also had federal and state research and development tax credit carryforwards of $2.7 million and $2.2 million, respectively, which begin to expire in 2033 and 2028, respectively.

As of June 30, 2019, Arvinas, Inc. had five wholly owned subsidiaries organized as C-corporations: Arvinas, Operations, Inc., Arvinas Androgen Receptor, Inc., Arvinas Estrogen Receptor, Inc., Arvinas BRD4, Inc. and Arvinas Winchester, Inc. Prior to December 31, 2018, these subsidiaries were separate filers for federal tax purposes. Net operating loss carryforwards are generated from the C-corporation subsidiaries' filings. We have provided a valuation allowance against the full amount of the deferred tax assets since, in the opinion of management, based upon our earnings history, it is more likely than not that the benefits will not be realized.

In December 2017, the United States enacted the Tax Cuts and Jobs Act, or TCJA. The TCJA significantly changes U.S. corporate income tax laws by, among other provisions, reducing the maximum U.S. corporate income tax rate from 35% to 21% starting in 2018.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of our condensed consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, costs and expenses and the disclosure of contingent assets and liabilities in our condensed consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are 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. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

For a discussion of our significant accounting policies and recent accounting pronouncements, see Note 2 to our condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q and Note 2 to the financial statements included in our consolidated financial statements as of December 31, 2018 and 2017 and for the years then ended included in our Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 26, 2019.

Results of Operations

Comparison of Three Months ended June 30, 2019 and 2018

Revenues

Revenues for the three months ended June 30, 2019 were $4.0 million, as compared to $3.4 million for the three months ended June 30, 2018. Revenues are generated primarily from the license and rights to technology fees and research and development activities related to the Pfizer Collaboration Agreement that was initiated in January 2018 and the Restated Genentech Agreement that was initiated in November 2017.

Research and Development Expenses

Research and development expenses for the three months ended June 30, 2019 were $16.0 million, compared with $10.3 million for the three months ended June 30, 2018. The increase of $5.7 million was primarily due to an increase in employee costs of $3.6 million, including an increase in employee equity compensation expense of $2.1 million, and a $2.4 million increase related to our platform and exploratory targets expenses and other research and development costs, partially offset by a decrease in direct external research expenses of $0.3 million related to our ER and AR programs. The increase in equity compensation is primarily due to new incentive awards granted at the time of the initial public offering. Lead optimization costs and IND-enabling costs for our AR program decreased, offset by an increase in clinical trial costs incurred in the second quarter related to the Phase 1 clinical trial for ARV-110 we initiated in the first quarter of 2019. Our ER external program costs decreased by $0.4 million as we transition from IND-enabling activities to the planned initiation of the ER Phase 1 clinical trial expected in the third quarter of 2019. The increase in platform and exploratory targets spending was primarily related to costs associated with the development programs in collaboration with Genentech and Pfizer and our continued investment in our wholly-owned exploratory programs.

General and Administrative Expenses

General and administrative expenses were $6.4 million for the three months ended June 30, 2019, compared with $1.6 million for the three months ended June 30, 2018. The increase of $4.8 million was primarily due to an increase of $3.1 million related to employee expenses, including equity compensation expense of $2.4 million, and $1.4 million related to patent and corporate legal fees, corporate insurance and other professional fees and expenses related to our becoming a public company in the fourth quarter of 2018.

Other Income (Expenses)

Other income (expenses) was $1.3 million for the three months ended June 30, 2019, compared with $0.7 million for the three months ended June 30, 2018. The increase of $0.6 million was primarily due to an increase in interest income. The increase in interest income was the result of our higher average cash, cash equivalent and short-term investment balances for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 due to the proceeds from the initial public offering.

Comparison of Six Months ended June 30, 2019 and 2018

Revenues

Revenues for the six months ended June 30, 2019 were $8.0 million, compared with $7.5 million for the six months ended June 30, 2018. Revenues are generated primarily from the license and rights to technology fees and research and development activities related to the Pfizer Collaboration Agreement that was initiated in January 2018 and the Restated Genentech Agreement that was initiated in November 2017.

Research and Development Expenses

Research and development expenses for the six months ended June 30, 2019 were $30.2 million, compared with $17.5 million for the six months ended June 30, 2018. The increase of $12.7 million was primarily due to an increase in employee-related expenses of $7.5 million, including equity compensation expense of $4.3 million, $5.0 million related to our platform and exploratory targets expenses and other research and development costs, and direct external research expenses of $0.2 million related to our ER and AR programs. The increase in equity compensation is primarily due to new incentive awards granted at the time of the initial public offering and annual employee grants issued in March 2019. The increase in employee expenses other than equity compensation is primarily due to an increase in our number of employees associated with the planned advancement of our platform and exploratory targets. Lead optimization costs and IND-enabling costs for our AR and ER programs decreased, offset by an increase in clinical trial costs incurred in the second quarter related to the Phase 1 clinical trial for ARV-110 we initiated in the first quarter of 2019 and as we transition from IND-enabling activities to the expected initiation of the ER Phase 1 clinical trial in the third quarter of 2019.

The increase in platform and exploratory targets spending was primarily related to costs associated with our continued investment in our wholly-owned exploratory programs.

General and Administrative Expenses

General and administrative expenses were $12.1 million for the six months ended June 30, 2019, compared with $2.8 million for the six months ended June 30, 2018. The increase of $9.3 million was primarily due to an increase of $6.3 million related to employee expenses, including equity compensation expense of $4.9 million, and $2.4 million related to patent and corporate legal fees, corporate insurance and other professional fees and expenses related to our becoming a public company in the fourth quarter of 2018.

Other Income (Expenses)

Other income (expenses) was $2.7 million for the six months ended June 30, 2019, compared with $0.8 million for the six months ended June 30, 2018. The increase of $1.9 million was primarily due to an increase in interest income of $1.5 million and $0.2 million related to other income from the exchange of research and development credits from the State of Connecticut. The increase in interest income was the result of our higher average cash, cash equivalent and short-term investment balances for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 due to the proceeds from the initial public offering and Series C financing in 2018.

Liquidity and Capital Resources

Sources of Liquidity

We do not currently have any approved products and have never generated any revenue from product sales. To date, we have financed our operations primarily through the sale of equity interests and through payments from collaboration partners, grant funding and loans from the State of Connecticut. Through June 30, 2019, we raised approximately $235.1 million in gross proceeds from the sale of common stock, and Series A, Series B and Series C convertible preferred units, and had received an aggregate of $92.1 million in payments from collaboration partners, grant funding and forgivable and partially forgivable loans from the State of Connecticut. In October 2018, we completed our initial public offering in which we issued and sold an aggregate of 7,700,482 shares of common stock, including 200,482 additional shares of common stock upon the exercise in part by the underwriters of their option to purchase additional shares at a public offering price of $16.00 per share, for aggregate gross proceeds of $123.2 million before underwriting discounts and commissions and expenses.

Cash Flows

Our cash, cash equivalents and marketable securities totaled $159.2 million as of June 30, 2019 and $187.8 million as of December 31, 2018. We had outstanding loan balances of $2.1 million as of June 30, 2019 and $2.2 million as of December 31, 2018.

The following table summarizes our sources and uses of cash for the period presented:

	For the Six Months Ended June 30,	
(in thousands)	**2019**	**2018**
Net cash provided by (used in) operating activities	$ (26,301)	$ 7,123
Net cash provided by (used in) investing activities	34,146	(89,602)
Net cash provided by financing activities	307	54,919
Increase (decrease) in cash and cash equivalents	$ 8,152	$ (27,560)

Operating Activities

Net cash used in operating activities for the six months ended June 30, 2019 was $26.3 million, primarily due to our net loss of $31.6 million, a reduction in deferred revenue of $8.0 million, and a decrease in accounts payable and accrued expenses of $1.4 million, partially offset by non-cash charges of $11.3 million and the receipt of $2.8 million in collaboration partner payments. The reduction in deferred revenue is due to revenue recognized in the period. Non-cash charges were primarily stock compensation expense of $10.5 million and depreciation and amortization of $0.6 million.

Net cash provided by operating activities for the six months ended June 30, 2018 was $7.1 million, attributable to a $25.0 million up-front payment received from a collaboration partner and previously recorded as an account receivable and non-cash charges of $1.7 million, partially offset by our net loss of $12.0 million, an increase of $2.6 million in other receivables and prepaid expenses, a reduction in deferred revenue of $4.5 million and a net reduction in accounts payable and accrued expenses of $0.5 million. The reduction in deferred revenue was primarily due to $7.5 million in revenue recognized, partially offset by $3.0 million in target payments received from a collaboration partner. The increase in other receivables and prepaid expenses was primarily due to incurring costs in preparation of the initial public offering of $1.3 million and accrued interest on marketable securities of $0.7 million.

Investing Activities

Net cash provided by investing activities for the six months ended June 30, 2019 was $34.1 million, attributable to the maturities of marketable securities in excess of new purchases of marketable securities of $37.4 million, partially offset by purchases of property and equipment of $3.3 million.

Net cash used in investing activities for the six months ended June 30, 2018 was $89.6 million, attributable to the net investment of excess cash in marketable securities of $88.3 million and the purchase of property and equipment of $1.3 million.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2019 was $0.3 million, attributable to proceeds from the exercise of stock options, partially offset by payments on our long-term debt.

Net cash provided by financing activities for the six months ended June 30, 2018 of $54.9 million was attributable to the net proceeds from the sale of Series C convertible preferred units, partially offset by payments on our long-term debt.

Funding Requirements

Since our inception, we have incurred significant operating losses. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future as we advance the preclinical and clinical development of our product candidates. In addition, we expect to continue to incur additional costs associated with operating as a public company.

Specifically, we anticipate that our expenses will increase substantially if and as we:

- continue a Phase 1 clinical trial of our product candidate ARV-110 in men with mCRPC;
- initiate a planned Phase 1 clinical trial of our product candidate ARV-471 in patients with locally advanced or metastatic ER positive / HER2 negative breast cancer;
- apply our PROTAC platform to advance additional product candidates into preclinical and clinical development;
- expand the capabilities of our PROTAC platform;
- seek marketing approvals for any product candidates that successfully complete clinical trials;
- ultimately establish a sales, marketing and distribution infrastructure and scale up external manufacturing capabilities to commercialize any products for which we may obtain marketing approval;
- expand, maintain and protect our intellectual property portfolio;
- hire additional clinical, regulatory and scientific personnel; and
- add operational, financial and management information systems and personnel to support our research, product development and future commercialization efforts and support our operations as a public company.

We believe that our existing cash, cash equivalents and marketable securities will enable us to fund our planned operating expenses and capital expenditure requirements into the second half of 2021. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the progress, costs and results of our Phase 1 clinical trial for ARV-110 and our planned Phase 1 clinical trial for ARV-471 and any future clinical development of ARV-110 and ARV-471;
- the scope, progress, costs and results of preclinical and clinical development for our other product candidates and development programs;

- the number of, and development requirements for, other product candidates that we pursue, including our other oncology and neurodegenerative research programs;
- the success of our collaborations with Pfizer, Genentech and Bayer;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- our ability to establish collaboration arrangements with other biotechnology or pharmaceutical companies on favorable terms, if at all, for the development or commercialization of our product candidates.

As a result of these anticipated expenditures, we will need to obtain substantial additional financing in connection with our continuing operations. Until such time, if ever, as we can generate substantial revenue from product sales, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements. Although we may receive potential future payments under our collaborations with Pfizer, Genentech and Bayer, we do not currently have any committed external source of funds. Adequate additional funds may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we may be required to delay, limit, reduce or terminate our research, product development programs or any future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

Borrowings

In August 2013, we entered into a Loan Agreement, or Loan, with Connecticut Innovations, Incorporated, or CII, the strategic venture capital arm and a component unit of the State of Connecticut. Under the Loan, we borrowed $750,000 for the purchase of laboratory equipment, information technology equipment and leasehold improvements. Interest on the Loan is compounded on a monthly basis at a rate of 7.50% per annum. The Loan provided for monthly, interest-only payments for ten months. Beginning on June 1, 2015 we were required to make monthly principal and interest payments through July 31, 2019. We can prepay the amount due at any time without premium or penalty. The Loan is secured by substantially all of our assets. The amount outstanding under the Loan was $0.1 million as of June 30, 2019 and $0.2 million as of December 31, 2018. We paid the loan in full in July 2019. In connection with the issuance of the Loan, we granted CII a warrant to purchase 33,881 of our Series A convertible preferred units at a purchase price of $0.6811 per unit, with a seven-year term from the date of issuance. The warrant was exercised in July 2018.

In January 2014, we entered into an Assistance Agreement with the State of Connecticut, or the 2014 Assistance Agreement. Under the terms of the 2014 Assistance Agreement, we borrowed $2.5 million. Borrowings under the 2014 Assistance Agreement were forgivable if we maintained a minimum number of full time jobs in the State of Connecticut for a minimum period at a minimum annual salary. Effective in March 2016, the full principal amount under the 2014 Assistance Agreement was forgiven. While borrowings under the 2014 Assistance Agreement have been forgiven, we remain subject to an ongoing covenant to be located in the State of Connecticut through January 2024. Upon violation of this covenant we would be required to repay the full original funding amount of $2.5 million plus liquidated damages of 7.50%.

In June 2018, we entered into an additional Assistance Agreement with the State of Connecticut, or the 2018 Assistance Agreement, to provide funding for the expansion and renovation of laboratory and office space. Under the terms of the 2018 Assistance Agreement, we borrowed from the State of Connecticut the maximum amount of $2.0 million in September 2018. The funding cannot exceed more than 50% of the total costs of the expansion and renovation. Borrowings under the 2018 Assistance Agreement bear an interest rate of 3.25% per annum and interest payments are required for the first 60 months from the funding date. Interest expense related to the Assistance Agreement is expected to be $65,000 annually for the first five years. Thereafter, the loan begins to fully amortize through month 120, maturing in September 2028. Up to $1.0 million of the funding can be forgiven if we meet certain employment conditions. We may be

required to prepay a portion of the loan if the employment conditions are not met. The 2018 Assistance Agreement requires that we be located in the State of Connecticut through June 2028 with a default penalty of repayment of the full original funding amount of $2.0 million plus liquidated damages of 7.5% of the total amount of funding received.

Pursuant to our license agreement with Yale University, or Yale, we are required to pay Yale, subject to the achievement of specified development and regulatory milestones, payments aggregating up to approximately $3.0 million for the first licensed product and up to approximately $1.5 million for the second licensed product. We are not required to make any milestone payments for any licensed products beyond the first two. While the agreement remains in effect, we are required to pay Yale low-single digit royalties on aggregate worldwide net sales of certain licensed products, which may be subject to reductions. We met one milestone triggering a $50,000 payment to Yale upon the initiation of the Phase 1 clinical trial for ARV-110.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements and do not have any holdings in variable interest entities.

Emerging Growth Company Status

Emerging Growth and Smaller Reporting Company Status

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and a “smaller reporting company,” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended. As such, we are permitted to and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not similarly situated. As an emerging growth company, the JOBS Act allows us to delay adoption of new or revised accounting standards applicable to public companies until such standards are made applicable to private companies. However, we have irrevocably elected not to avail ourselves of this extended transition period for complying with new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. Our interest-earning assets consist of cash, cash equivalents, and marketable securities. Interest income earned on these assets was $2.3 million and $0.8 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Our interest income is sensitive to changes in the general level of interest rates, primarily U.S. interest rates. At June 30, 2019, our cash equivalents consisted of bank deposits and money market funds, and our marketable securities included interest-earning securities. Such interest-earning instruments carry a degree of interest rate risk. A 1% change in interest rates could affect our interest income by $0.4 million in a quarter based on the balance of our marketable securities at June 30, 2019. Our outstanding debt was $2.1 million and $2.2 million as of June 30, 2019 and December 31, 2018, respectively, and carries a fixed interest rate of 3.25% per annum on $2.0 million of the outstanding debt and 7.50% per annum on $0.1 million of the outstanding debt.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2019. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2019, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 26, 2019. If any of the following risks actually occur, our business, prospects, operating results and financial condition could suffer materially. In such event, the trading price of our common stock could decline and you might lose all or part of your investment.

Risks Related to Our Financial Position and Need For Additional Capital

We have incurred significant losses since our inception. We expect to incur losses over at least the next several years and may never achieve or maintain profitability.

Our net loss was $31.6 million for the six months ended June 30, 2019, $41.5 million for the year ended December 31, 2018 and $24.0 million for the year ended December 31, 2017. As of June 30, 2019, we had an accumulated deficit of $333.8 million. To date, we have not generated any revenue from product sales and have financed our operations primarily through sales of our equity interests, proceeds from our collaborations, grant funding and debt financing. We are still in the early stages of development of our product candidates and initiated our first clinical trial in the first quarter of 2019. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. We anticipate that our expenses will increase substantially if and as we:

- continue a Phase 1 clinical trial of our product candidate ARV-110 in men with metastatic castration-resistant prostate cancer, or mCRPC;
- initiate a planned Phase 1 clinical trial of our product candidate ARV-471 in patients with locally advanced or metastatic ER positive / HER2 negative breast cancer;
- apply our PROTAC platform to advance additional product candidates into preclinical and clinical development;
- expand the capabilities of our PROTAC platform;
- seek marketing approvals for any product candidates that successfully complete clinical trials;
- ultimately establish a sales, marketing and distribution infrastructure and scale up external manufacturing capabilities to commercialize any products for which we may obtain marketing approval;
- expand, maintain and protect our intellectual property portfolio;
- hire additional clinical, regulatory and scientific personnel; and
- add operational, financial and management information systems and personnel to support our research, product development and future commercialization efforts and support our operations as a public company.

Our expenses could increase beyond our expectations if we are required by the U.S. Food and Drug Administration, or FDA, the European Medicines Agency, or EMA, or other regulatory authorities to perform trials in addition to those that we currently expect, or if there are any delays in establishing appropriate manufacturing arrangements for or in completing our clinical trials or the development of any of our product candidates.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses we will incur or when, if ever, we will be able to achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or even continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We have never generated revenue from product sales and may never be profitable.

We have only recently initiated clinical development of our first product candidate and expect that it will be many years, if ever, before we have a product candidate ready for commercialization. We may never succeed in these activities and, even if we do, may never generate revenues that are significant enough to achieve profitability. To become and remain profitable, we must succeed in developing, obtaining marketing approval for and commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, discovering additional product candidates, establishing arrangements with third parties for the manufacture of clinical supplies of our product candidates, obtaining marketing approval for our product candidates and manufacturing, marketing and selling any products for which we may obtain marketing approval.

If one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Even if we are able to generate revenues from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations.

We will need substantial additional funding. If we are unable to raise capital when needed, we may be required to delay, limit, reduce or terminate our research or product development programs or future commercialization efforts.

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we continue our Phase 1 clinical trial of ARV-110, prepare for and initiate our planned Phase 1 clinical trial of ARV-471, advance our other oncology and neurodegenerative programs and continue research and development and initiate additional clinical trials of and potentially seek marketing approval for our lead programs and our other 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 manufacturing, marketing, sales and distribution. We expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we may be required to delay, limit, reduce or terminate our research, product development programs or any future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

We had cash, cash equivalents and marketable securities of approximately $159.2 million as of June 30, 2019, $187.8 million as of December 31, 2018 and $39.2 million as of December 31, 2017. We believe that our cash, cash equivalents and marketable securities as of June 30, 2019 will enable us to fund our planned operating expenses and capital expenditure requirements into the second half of 2021. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the progress, costs and results of our Phase 1 clinical trial for ARV-110 and our planned Phase 1 clinical trial for ARV-471 and any future clinical development of ARV-110 and ARV-471;
- the scope, progress, costs and results of preclinical and clinical development for our other product candidates and development programs;
- the number of, and development requirements for, other product candidates that we pursue, including our other oncology and neurodegenerative research programs;
- the success of our collaborations with Pfizer, Inc., or Pfizer, Genentech, Inc. and F. Hoffman-LaRoche Ltd., collectively referred to as Genentech, and Bayer AG, or Bayer;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- our ability to establish collaboration arrangements with other biotechnology or pharmaceutical companies on favorable terms, if at all, for the development or commercialization of our product candidates.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if at all. Accordingly, we will need to obtain substantial additional funds to achieve our business objectives. Adequate additional funds may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans.

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

Until such time, if ever, as we can generate substantial revenue from product sales, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements. Although we may receive potential future payments under our collaborations with Pfizer, Genentech and Bayer, we do not currently have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends.

We have in the past entered into financing arrangements with the State of Connecticut and related entities. These include $4.5 million in partially forgivable loans from the State of Connecticut and a loan agreement with Connecticut Innovations, Incorporated, or CII, the strategic venture capital arm and a component unit of the State of Connecticut, in an aggregate principal amount of $750,000. We also granted CII a warrant to purchase 110,116 of our Series A convertible preferred units, which it exercised in July 2018. Covenants in these financing arrangements impose certain limitations and obligations on us, including restrictions on our ability to incur additional debt, to enter into certain business combinations, and from moving our principal offices out of Connecticut. If we were to move our principal offices out of Connecticut or certain employment conditions are not met, we would be obligated to repay the full amount of our previously forgiven loans to the State of Connecticut, currently $2.5 million, and prepay a portion of our unforgiven loans to the State of Connecticut, currently $2.0 million, plus liquidated damages of 7.50%. Additionally, CII would be entitled to obligate us to purchase all of our outstanding securities owned by CII for a specified guaranteed return pursuant to a put agreement with CII.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

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 commenced operations in 2013, and our operations to date have been limited to organizing and staffing our company, business planning, raising capital, conducting discovery and research activities, filing patent applications, identifying potential product candidates, undertaking preclinical studies and establishing arrangements with third parties for the manufacture of initial quantities of our product candidates. In the first quarter of 2019, we initiated our first Phase 1 clinical trial for a product candidate, ARV-110, and we expect to initiate a Phase 1 clinical trial of ARV-471 in the third quarter of 2019. All of our other product candidates are still in preclinical development. We have not yet demonstrated our ability to successfully complete any clinical trials, obtain marketing approvals, manufacture a commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales, marketing and distribution activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

In addition, as a young business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to transition at some point 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 expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

The Tax Cuts and Jobs Act of 2017 could adversely affect our business and financial condition.

On December 22, 2017, President Trump signed into law new legislation, commonly referred to as the Tax Cuts and Jobs Act of 2017, or the TCJA, that significantly revised the Internal Revenue Code of 1986, as amended, or the Code. The TCJA contains, among other things, significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for net interest expense to 30% of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, in each case, for losses arising in taxable years beginning after December 31, 2017 (though any such net operating losses may be carried forward indefinitely), one-time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the TCJA is uncertain and our business and financial condition could be adversely affected. In addition, it is uncertain how various states will respond to the TCJA. The impact of this tax reform on holders of our common stock is also uncertain and could be adverse. We urge prospective investors in our common stock to consult with their legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common stock.

We might not be able to utilize a significant portion of our net operating loss carryforwards and research and development tax credit carryforwards.

As of December 31, 2018, we had federal net operating loss carryforwards of $58.3 million, which will, if not used, expire at various dates through 2037, and federal research and development tax credit carryforwards of $2.7 million, which will, if not used, expire at various dates through 2038. To the extent they expire unused, these net operating loss and tax credit carryforwards will not be available to offset our future income tax liabilities. Federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such carryforwards is limited to 80% of our taxable income in the year in which carryforwards are used.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We have not determined if we have experienced Section 382 ownership changes in the past and if a portion of our net operating loss and tax credit carryforwards are subject to an annual limitation under Section 382. In addition, we may experience ownership changes in the future as a result of subsequent changes in our stock ownership, some of which may be outside of our control. If we determine that an ownership change has occurred and our ability to use our historical net operating loss and tax credit carryforwards is materially limited, it would harm our future operating results by effectively increasing our future tax obligations.

Risks Related to the Discovery and Development of Our Product Candidates

Our approach to the discovery and development of product candidates based on our PROTAC technology platform is unproven, which makes it difficult to predict the time, cost of development and likelihood of successfully developing any products.

Our PROTAC technology platform is a relatively new technology. Our future success depends on the successful development of this novel therapeutic approach. Prior to the initiation of our Phase 1 clinical trial for ARV-110, no product candidates that use a chimeric small molecule approach to protein degradation, such as our PROTAC targeted protein degraders, had been tested in humans. No product candidates of this type have been approved in the United States or Europe, and the data underlying the feasibility of developing chimeric small molecule-based therapeutic products is both preliminary and limited. We have not yet succeeded and may not succeed in demonstrating the efficacy and safety of any of our product candidates in clinical trials or in obtaining marketing approval thereafter. We have not yet completed a clinical trial of any product candidate and we have not yet assessed safety of any product candidate in humans. As such, there may be adverse effects from treatment with any of our current or future product candidates that we cannot predict at this time.

As a result of these factors, it is more difficult for us to predict the time and cost of product candidate development, and we cannot predict whether the application of our PROTAC platform, or any similar or competitive protein degradation platforms, will result in the development, and marketing approval of any products. Any development problems we experience in the future related to our PROTAC platform or any of our research programs may cause significant delays or unanticipated costs or may prevent the development of a commercially viable product. Any of these factors may prevent us from completing our preclinical studies or any clinical trials that we may initiate or commercializing any product candidates we may develop on a timely or profitable basis, if at all.

We are very early in our development efforts. We have only recently initiated our first clinical trial. If we are unable to commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.

We are very early in our development efforts. In the first quarter of 2019, we initiated our first Phase 1 clinical trial for a product candidate ARV-110, and we expect to initiate a Phase 1 clinical trial of our product candidate ARV-471 in the third quarter of 2019. All of our other product candidates are still in preclinical development. Our ability to generate revenue from product sales, which we do not expect will occur for many years, if ever, will depend heavily on the successful development and eventual commercialization of one or more of our product candidates. The success of our product candidates will depend on several factors, including the following:

- successful completion of preclinical studies;
- successful initiation of clinical trials;
- successful patient enrollment in and completion of clinical trials;
- receipt and related terms of marketing approvals from applicable regulatory authorities;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for both clinical and commercial supplies of our product candidates;
- establishing sales, marketing and distribution capabilities and launching commercial sales of our products, if and when approved, whether alone or in collaboration with others;
- acceptance of our products, if and when approved, by patients, the medical community and third-party payors;
- obtaining and maintaining third-party coverage and adequate reimbursement;
- maintaining a continued acceptable safety profile of the products following approval; and
- effectively competing with other therapies.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates, which would materially harm our business.

Drug development involves a lengthy and expensive process, with an uncertain outcome. We may incur unexpected costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

In the first quarter of 2019, we initiated our first Phase 1 clinical trial for our product candidate ARV-110, and we expect to initiate a Phase 1 clinical trial of our product candidate ARV-471 in the third quarter of 2019. All of other our product candidates are in preclinical development. The risk of failure for our product candidates is high. We are unable to predict when or if any of our product candidates will prove effective or safe in humans or will receive marketing approval. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies that support our planned Investigational New Drug Applications, or INDs, in the United States or similar applications in other jurisdictions. We cannot be certain of the timely completion or outcome of our preclinical testing and studies and cannot predict if the FDA or similar regulatory authorities outside the United States will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further development of our programs.

Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to the outcome. A failure of one or more clinical trials can occur at any stage of testing. 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, including:

- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;

- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to 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;
- 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 to suspend or terminate clinical trials of our product candidates for various reasons, including a finding that the participants are being exposed to unacceptable health risks;
- regulators or institutional review boards may require that we or our investigators suspend or terminate clinical trials for various reasons, including noncompliance with regulatory requirements;
- our product candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators, regulators or institutional review boards to suspend or terminate the trials;
- the cost of clinical trials of our product candidates may be greater than we anticipate; and
- 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.

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 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;
- be subject to additional post-marketing 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 preclinical studies or clinical trials or in obtaining marketing approvals. We do not know whether any of our preclinical studies or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant preclinical study 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.

Further, cancer therapies are sometimes characterized as first-line, second-line, or third-line, and the FDA often approves new therapies initially only for third-line use. When cancer is detected early enough, first-line therapy, usually hormone therapy, surgery, radiation therapy or a combination of these, is sometimes adequate to cure the cancer or prolong life without a cure. Second- and third-line therapies are administered to patients when prior therapy is not effective. Our current and planned clinical trials for ARV-110 and ARV-471 will be with patients who have received two or more prior treatments. Subsequently, for those products that prove to be sufficiently beneficial, if any, we would expect to seek approval potentially as a first-line therapy, but any product candidates we develop, even if approved, may not be approved for first-line therapy, and, prior to any such approvals, we may have to conduct additional clinical trials.

If serious adverse events, undesirable side effects, or unexpected characteristics are identified during the development of any product candidates we may develop, we may need to abandon or limit our further clinical development of those product candidates.

In the first quarter of 2019, we initiated our first Phase 1 clinical trial for a product candidate, ARV-110. We have not otherwise evaluated any product candidates in human clinical trials. Moreover, we are not aware of any clinical trials conducted by others involving chimeric small molecule targeted protein degraders, such as our PROTAC targeted protein

degraders. It is impossible to predict when or if any product candidates we may develop will prove safe in humans. There can be no assurance that our PROTAC technology will not cause undesirable side effects.

A potential risk in any protein degradation product is that healthy proteins or proteins not targeted for degradation will be degraded or that the degradation of the targeted protein in itself could cause adverse events, undesirable side effects, or unexpected characteristics. It is possible that healthy proteins or proteins not targeted for degradation could be degraded using our PROTAC technology in any of our ongoing, planned or future clinical studies. There is also the potential risk of delayed adverse events following treatment using our PROTAC technology.

If any product candidates we develop are associated with serious adverse events, or undesirable side effects, or have characteristics that are unexpected, we may need to abandon their development or limit development to certain uses or subpopulations in which the adverse events, undesirable side effects or other characteristics are less prevalent, less severe, or more acceptable from a risk-benefit perspective, any of which would have a material adverse effect on our business, financial condition, results of operations, and prospects. Many product candidates that initially showed promise in early-stage testing for treating cancer or other diseases have later been found to cause side effects that prevented further clinical development of the product candidates or limited their competitiveness in the market.

The results of early-stage clinical trials and preclinical studies may not be predictive of future results. Initial success in clinical trials may not be indicative of results obtained when these trials are completed or in later stage trials.

The results of preclinical studies may not be predictive of the results of clinical trials, and the results of any early-stage clinical trials we commence may not be predictive of the results of the later-stage clinical trials. In addition, initial success in clinical trials may not be indicative of results obtained when such trials are completed. In particular, the small number of patients in our ongoing and planned early clinical trials may make the results of these trials less predictive of the outcome of later clinical trials. For example, even if successful, the results of the dose-escalation portion of our Phase 1 clinical trial of ARV-110 and our planned Phase 1 clinical trial of ARV-471 may not be predictive of the results of further clinical trials of these product candidates or any of our other product candidates. 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. Our current or future clinical trials may not ultimately be successful or support further clinical development of any of our product candidates. There is a high failure rate for product candidates proceeding through clinical trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical development even after achieving encouraging results in earlier studies. Any such setbacks in our clinical development could materially harm our business and results of operations.

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

From time to time, we may publish interim top-line or preliminary data from our clinical trials. Interim data from clinical trials are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Adverse differences between preliminary or interim data and final data could significantly harm our reputation and business prospects.

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

We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside of the United States. In particular, we have initiated a Phase 1 clinical trial of ARV-110 for men with mCRPC and we are preparing to advance ARV-471 into a Phase 1 clinical trial for patients with locally advanced or metastatic ER positive / HER2 negative breast cancer. We cannot predict how difficult it will be to enroll patients for trials in these indications. Therefore, our ability to identify and enroll eligible patients for ARV-110 and ARV-471 clinical trials may be limited or may result in slower enrollment than we anticipate. In addition, some of our competitors have ongoing clinical trials for product candidates that treat the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates. Patient enrollment is affected by other factors including:

- the severity of the disease under investigation;
- the eligibility criteria for the trial in question;
- the perceived risks and benefits of the product candidates under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the availability of competing therapies;
- the patient referral practices of physicians;
- the burden on patients due to inconvenient procedures;
- the ability to monitor patients adequately during and after treatment; and
- the proximity and availability of clinical trial sites for prospective patients.

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

We may expend our limited resources to pursue a particular 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 focus on research programs and product candidates that we identify for 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 research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

We may develop ARV-471 in combination with other drugs. If the FDA or similar regulatory authorities outside of the United States do not approve these other drugs or revoke their approval of such drugs, or if safety, efficacy, manufacturing or supply issues arise with the drugs we choose to evaluate in combination with ARV-471, we may be unable to obtain approval of or market ARV-471.

We intend to conduct a Phase 1b clinical trial with ARV-471 for the treatment of patients with locally advanced or metastatic ER positive / HER2 negative breast cancer for use in combination with a CDK 4/6 inhibitor, such as palbociclib, once a recommended dose is identified from the dose-escalation portion of the ARV-471 Phase 1 clinical trial. We did not develop or obtain marketing approval for, nor do we manufacture or sell, any of the currently approved drugs that we may study in combination with ARV-471. If the FDA or similar regulatory authorities outside of the United States revoke their approval of the drug or drugs in combination with which we determine to develop ARV-471, we will not be able to market ARV-471 in combination with such revoked drugs.

If safety or efficacy issues arise with any of these drugs, we could experience significant regulatory delays, and the FDA or similar regulatory authorities outside of the United States may require us to redesign or terminate the applicable clinical trials. If the drugs we use are replaced as the standard of care for the indications we choose for ARV-471, the FDA or similar regulatory authorities outside of the United States may require us to conduct additional clinical trials. In addition, if manufacturing or other issues result in a shortage of supply of the drugs with which we determine to combine with ARV-471, we may not be able to complete clinical development of ARV-471 on our current timeline or at all.

Even if ARV-471 were to receive marketing approval or be commercialized for use in combination with other existing drugs, we would continue to be subject to the risks that the FDA or similar regulatory authorities outside of the United States could revoke approval of the drug used in combination with ARV-471 or that safety, efficacy, manufacturing or supply issues could arise with these existing drugs. Combination therapies are commonly used for the treatment of cancer, and we would be subject to similar risks if we develop any of our other product candidates for use in combination with other drugs or for indications other than cancer. This could result in our own products being removed from the market or being less successful commercially.

We may not be successful in our efforts to identify or discover additional potential product candidates.

A key element of our strategy is to apply our PROTAC platform to address a broad array of targets and new therapeutic areas. The therapeutic discovery activities that we are conducting may not be successful in identifying product candidates that are useful in treating cancer or other diseases. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for a number of reasons, including:

- potential product candidates may, on further study, be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be drugs that will receive marketing approval or achieve market acceptance; or
- potential product candidates may not be effective in treating their targeted diseases.

Research programs to identify new product candidates require substantial technical, financial and human resources. We may choose to focus our efforts and resources on a potential product candidate that ultimately proves to be unsuccessful. If we are unable to identify suitable product candidates for preclinical and clinical development, we will not be able to obtain revenues from sale of products in future periods, which likely would result in significant harm to our financial position and adversely impact our stock price.

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

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. We face and will continue to face competition from third parties that use protein degradation, antibody therapy, inhibitory nucleic acid, gene editing or gene therapy development platforms and from companies focused on more traditional therapeutic modalities, such as small molecule inhibitors. The competition is likely to come from multiple sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, government agencies and public and private research institutions.

We are aware of several biotechnology companies focused on developing chimeric small molecules for protein degradation including C4 Therapeutics, Inc., Cullgen Inc., Kymera Therapeutics, Inc. and Nurix Therapeutics, Inc., all of which are currently in preclinical development. Further, several large pharmaceutical companies have disclosed preclinical investments in this field, including Amgen Inc., AstraZeneca plc, Celgene, GlaxoSmithKline plc, Genentech and Novartis International AG.

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

to, or necessary for, our programs. 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. 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. There are generic products currently on the market for certain of 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 are approved, we expect that they will be priced at a significant premium over competitive generic products.

Risks Related to Dependence on Third Parties

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

We anticipate seeking third-party collaborators for the research, development, and commercialization of some of our PROTAC programs. For example, in September 2015 we entered into a collaboration with Genentech, which we amended and restated in November 2017, in December 2017 we entered into a collaboration with Pfizer, and in July 2019 we entered into a collaboration with Bayer. Our likely collaborators for any other collaboration arrangements include large and mid-size pharmaceutical companies and biotechnology companies. Any such arrangements with third parties will likely limit our control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of any product candidates we may seek to develop with them. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. We cannot predict the success of any collaboration that we enter into.

Collaborations involving our research programs or any product candidates we may develop, including our collaborations with Pfizer, Genentech and Bayer pose the following risks to us:

- Collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations. For example, our collaboration with Genentech is managed by a joint research committee and joint project team, which is composed of representatives from us and Genentech, with Genentech having final decision-making authority. Similarly, our collaborations with Pfizer and Bayer are managed by joint research committees composed of an equal number of representatives from us and our collaborative partner, with our collaborative partner having final decision-making authority.
- Collaborators may not pursue development and commercialization of any product candidates we may develop or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborator's strategic focus or available funding or external factors such as an acquisition or business combination that diverts resources or creates competing priorities.
- Genentech, Pfizer and Bayer have broad rights to select any target for protein degradation development on an exclusive basis, even as to us, so long as not excluded by us under the terms of each collaboration and may select targets we are considering but have not taken sufficient action to exclude under the collaboration.
- Collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing.
- Collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours.
- Collaborators with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products.
- Collaborators may not properly obtain, maintain, enforce, or defend our intellectual property or proprietary rights or may use our proprietary information in such a way that could jeopardize or invalidate our proprietary information or expose us to potential litigation. For example, Pfizer, Genentech and Bayer have the first right to enforce or defend certain intellectual property rights under the applicable collaboration arrangement with respect to particular licensed programs, and although we may have the right to assume the enforcement and defense of such intellectual property rights if the collaborator does not, our ability to do so may be compromised by their actions.

- Disputes may arise between the collaborators and us that result in the delay or termination of the research, development, or commercialization of our products or product candidates or that result in costly litigation or arbitration that diverts management attention and resources.
- We may lose certain valuable rights under circumstances identified in our collaborations, including if we undergo a change of control.
- Collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates. For example, each of Genentech, Pfizer and Bayer can terminate its agreement with us in its entirety or with respect to a specific target for convenience upon 60 days' notice or in connection with a material breach of the agreement by us that remains uncured for a specified period of time. In 2015, we entered into a collaboration agreement with Merck Sharp & Dohme Corp., or Merck, that expired in April 2018 with Merck not electing to continue research in any targets.
- Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all. If a present or future collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program under such collaboration could be delayed, diminished, or terminated.

If our collaborations do not result in the successful development and commercialization of products, or if one of our collaborators terminates its agreement with us, we may not receive any future research funding or milestone or royalty payments under the collaboration. If we do not receive the funding we expect under these agreements, our development of product candidates could be delayed, and we may need additional resources to develop product candidates. In addition, if one of our collaborators terminates its agreement with us, we may find it more difficult to find a suitable replacement collaborator or attract new collaborators, and our development programs may be delayed or the perception of us in the business and financial communities could be adversely affected. All of the risks relating to product development, marketing approval, and commercialization described in this Quarterly Report on Form 10-Q apply to the activities of our collaborators.

We may in the future decide to collaborate with pharmaceutical and biotechnology companies for the development and potential commercialization of any product candidates we may develop. These relationships, or those like them, may require us to incur non-recurring and other charges, increase our near- and long-term expenditures, issue securities that dilute our existing stockholders, or disrupt our management and business. In addition, we could face significant competition in seeking appropriate collaborators, and the negotiation process is time-consuming and complex. Our ability to reach a definitive collaboration agreement will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration, and the proposed collaborator's evaluation of several factors. If we license rights to any product candidates we or our collaborators may develop, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate them with our existing operations and company culture.

We may seek to establish additional collaborations. If we are not able to establish collaborations on commercially reasonable terms, we may have to alter our development and commercialization plans.

To realize the full potential of our PROTAC platform and accelerate the development of additional PROTAC programs, we plan to continue to selectively pursue collaborations with leading biopharmaceutical companies with particular experience, including development and commercial expertise and capabilities. We face significant competition in attracting appropriate collaborators to advance the development of any product candidates for which we may seek a collaboration. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA or other regulatory authorities, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge, the terms of any existing collaboration agreements, and industry and market conditions generally. The collaborator may also have the opportunity to collaborate on other product candidates or technologies for similar indications and will have to evaluate whether such a collaboration could be more attractive than one with us.

Collaborations are complex and time-consuming to negotiate, document and execute. In addition, consolidation among large pharmaceutical companies has reduced the number of potential future collaborators. Our existing collaboration agreements limit our ability to enter into future agreements on certain terms with potential collaborators. For example, we have granted exclusive rights to Genentech, Pfizer and Bayer for the discovery, development and

commercialization of PROTAC targeted protein degraders directed to certain protein targets, and during the terms of those agreement will be restricted from granting rights to other parties to use our PROTAC technology for those targets. Any collaboration we enter into may limit our ability to enter into future agreements on particular terms or covering similar target indications with other potential collaborators.

We may not be able to negotiate collaborations on a timely basis, on acceptable terms or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop our product candidates or bring them to market and generate revenue from product sales, which could have an adverse effect on our business, prospects, financial condition and results of operations.

We rely and expect to continue to rely on agreements with Yale University to supplement our internal research and development program. If Yale decides to discontinue or devote less resources to such research, our research efforts could be diminished.

Our set of arrangements with Yale University, or Yale, provides us with access to certain of Yale's intellectual property and to Professor Crews' laboratory in a manner that we believe closely aligns our scientific interests with those of Yale. We are a party to both a license agreement and a sponsored research agreement with Yale. While Yale has contractual obligations to us, it is an independent entity and is not under our control or the control of our officers or directors. The license agreement is structured to provide Yale with license maintenance fees, development and regulatory milestone payments, royalties on net sales of products, and a portion of sublicense income that we receive on the first licensed product thereunder. Upon the scheduled expiration of the Yale research agreement in April 2021, Yale may decide not to renew it or may require us to renew on terms less favorable to us than those contained in the existing agreement. Furthermore, either we or Yale may terminate the research agreement for convenience following a specified notice period. If Yale decides to not renew or to terminate the Yale research agreement or decides to devote fewer resources to such activities, our research efforts would be diminished, while our royalty obligations to Yale would continue unmodified, which could have a material adverse effect on our business and financial condition.

Our license agreement with Yale also provides that so long as Professor Crews serves as a member of our board of directors or scientific advisory board or has a similar advisory arrangement, has a consulting arrangement with us, or his laboratory is performing sponsored research for us, and so long as he is an employee or faculty member (including emeritus faculty member) at Yale, any future invention by Professor Crews' laboratory in the license agreement's field is included in the licensed intellectual property. If Professor Crews were to leave Yale or no longer be meaningfully involved with us, we would no longer have access to future inventions in the license agreement's field from Yale.

Additionally, the license granted under the license agreement terminates after a specified period following a qualifying change of control, unless we elect or our successor or assignee elects to continue the agreement. If the license is terminated after such a change of control, royalty payments would continue to be paid on certain licensed products.

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

We will rely on third-party clinical research organizations, or CROs, to conduct our Phase 1 clinical trial program for ARV-110, our planned Phase 1 clinical trial program for ARV-471 and any other clinical trials and currently do not plan to independently conduct any clinical trials of ARV-110 and ARV-471 or of our other product candidates. Agreements with these third parties might terminate for a variety of reasons, including a failure to perform by the third parties. If we need to enter into alternative arrangements, that would delay our product development activities.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will 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 in the applicable IND. Moreover, the FDA requires compliance with standards, commonly referred to as good clinical practices, or GCPs, 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 trial participants are protected.

Furthermore, these third parties may have relationships with other entities, some of which may be our competitors. 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.

We rely on third-party contract manufacturing organizations for the manufacture of both drug substance and finished drug product for our product candidates for preclinical testing and clinical trials and expect to continue to do so for commercialization. This reliance on third parties may increase 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 do not own or operate, and currently have no plans to establish, any manufacturing facilities. We rely on and expect to continue to rely on third-party contract manufacturing organizations, or CMOs, for both drug substance and finished drug product. This reliance on third parties may increase 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 may be unable to establish 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;
- 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.

We have only limited technology transfer agreements in place with respect to our product candidates, and these arrangements do not extend to commercial supply. We acquire many key materials on a purchase order basis. As a result, we do not have long term committed arrangements with respect to our product candidates and other materials. If we receive marketing approval for any of our product candidates, we will need to establish an agreement for commercial manufacture with a third party.

Third-party manufacturers may not be able to comply with current good manufacturing practices, or cGMP, regulations or similar regulatory requirements outside of 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. As a result, we may not obtain access to these facilities on a priority basis or at all. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply or a second source for bulk drug substance. 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 manufacturer or be able to reach agreement with any alternative manufacturer.

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

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, such as chemotherapy and radiation therapy, are well established in the medical community, and doctors may continue to rely on these treatments. If our product candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from product sales 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 potential advantages compared to alternative treatments;
- the prevalence and severity of any side effects, in particular 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 marketing, sales and distribution support;
- the availability of third-party coverage and adequate reimbursement;
- the timing of any marketing approval in relation to other product approvals;
- support from patient advocacy groups; and
- any restrictions on the use of our products together with other medications.

If we are unable to establish sales and marketing capabilities, we may not be successful in commercializing our product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of biopharmaceutical products. To achieve commercial success for any product for which we obtain marketing approval, we will need to establish sales, marketing and distribution capabilities, either ourselves or through collaboration or other arrangements with third parties.

We currently expect that we would build our own focused, specialized sales and marketing organization to support the commercialization in the United States of product candidates for which we receive marketing approval and that can be commercialized with such capabilities. There are risks involved with establishing our own sales and marketing capabilities. For example, recruiting and training a sales force is expensive and time-consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. These efforts may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we are unable to establish our own sales and marketing capabilities and enter into arrangements with third parties to perform these services, our revenue from product sales and our profitability, if any, are likely to be lower than if we were to market and sell any products that we develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to market and sell our product candidates or may be unable to do so on terms that are acceptable to us. We likely will have little control over such third parties, and any of these third parties may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales and marketing capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

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

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

Our ability to commercialize any product candidates successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government healthcare programs, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, government authorities and third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Coverage and reimbursement may not be available for any product that we commercialize and, even if these are available, the level of reimbursement may not be satisfactory. Reimbursement may affect the demand for, or the price of, any product candidate for which we obtain marketing approval. Obtaining and maintaining adequate reimbursement for our products may be difficult. We may be required to conduct expensive pharmacoeconomic studies to justify coverage and reimbursement or the level of reimbursement relative to other therapies. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval.

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

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;
- termination of clinical trials;
- withdrawal of marketing approval, recall, restriction on the approval or a “black box” warning or contraindication for an approved drug;
- withdrawal of clinical trial participants;
- significant costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue;
- injury to our reputation and significant negative media attention;
- reduced resources of our management to pursue our business strategy; and
- the inability to commercialize any products that we may develop.

We currently hold $10.0 million in product liability insurance coverage in the aggregate, with a per incident limit of $10.0 million, which may not be adequate to cover all liabilities that we may incur. We will need to increase product liability insurance coverage as we expand our clinical trials and 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 Our Intellectual Property

If we are unable to obtain and maintain patent protection for our technology and products or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired, and we may not be able to compete effectively in our market.

Our commercial success depends in part on our ability to obtain and maintain patent and other proprietary protection in the United States and other countries with respect to our proprietary technology and products. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our novel technologies and product candidates. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in our market. Moreover, the patent applications we own, co-own or license may fail to result in issued patents in the United States or in other foreign countries.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, we do not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

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. For example, European patent law restricts the patentability of methods of treatment of the human body more than United States law does. 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 were the first to make the inventions claimed in our owned, co-owned or licensed patents or pending patent applications, or that we were the first inventors 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.

Moreover, we may be subject to a third-party preissuance submission of prior art to the USPTO or in addition to interference proceedings, may become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review or other post-grant proceedings challenging our or our licensors' 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.

Our owned, co-owned and licensed patent estate consists principally of patent applications, many of which are at an early stage of prosecution. Even if our owned, co-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. Our competitors may be able to circumvent our owned, co-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, co-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, co-owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Changes in patent laws or patent jurisprudence could diminish the value of our patents in general, thereby impairing our ability to protect our product candidates.

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 United States patent law. These changes include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The USPTO 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-inventor-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. Furthermore, for applications in which all claims are entitled to a priority date before March 16, 2013, an interference proceeding can be provoked by a third party or instituted by the USPTO to determine who was the first to invent any of the subject matter covered by the patent claims of our applications.

Additionally, the U.S. Supreme Court has ruled on several patent cases in recent years limiting where a patentee may file a patent infringement suit, narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations, and there are other open questions under patent law that courts have yet to decisively address. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained.

Depending on decisions by Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways and could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. In addition, the European patent system is relatively stringent in the type of amendments that are allowed during prosecution, but, the complexity and uncertainty of European patent laws has also increased in recent years. Complying with these laws and regulations could limit our ability to obtain new patents in the future that may be important for our business.

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

Competitors may infringe our issued patents, the 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, time-consuming and unpredictable. 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 or our licensors 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, held unenforceable or interpreted narrowly. Even if we successfully assert our patents, a court may not award remedies that sufficiently compensate us for our losses.

We may need to license intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.

A third party may hold intellectual property, including patent rights, that are important or necessary to the development of our products. It may be necessary for us to use the patented or proprietary technology of a third party to commercialize our own technology or products, in which case we would be required to obtain a license from such third party. A license to such intellectual property may not be available or may not be available on commercially reasonable terms, which could have a material adverse effect on our business and financial condition.

The licensing and acquisition of third-party intellectual property rights is a competitive practice, and companies that may be more established, or have greater resources than we do, may also be pursuing strategies to license or acquire third-party intellectual property rights that we may consider necessary or attractive in order to commercialize our product candidates. More established companies may have a competitive advantage over us due to their larger size and cash resources or greater clinical development and commercialization capabilities. We may not be able to successfully complete such negotiations and ultimately acquire the rights to the intellectual property surrounding the additional product candidates that we may seek to acquire.

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, as well as administrative proceedings for challenging patents, including interference, reexamination, and *inter partes* review proceedings before the USPTO and oppositions and other comparable proceedings in foreign jurisdictions.

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, derivation, reexamination or *inter partes* review proceedings before the USPTO. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may give rise to claims of infringement of the patent rights of others. There may be third-party patents of which we are currently unaware with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our drug candidates. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that our product candidates may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents.

If we are found by a court of competent jurisdiction 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.

If we fail to comply with our obligations in our current and future intellectual property licenses and funding arrangements with third parties, we could lose rights that are important to our business.

We are party to a license agreement with Yale that provides us with the foundational intellectual property rights for our PROTAC targeted protein degradation technology. This license agreement imposes diligence, development and commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations, including achieving specified milestone events, Yale may have the right to terminate this license, in which event we might not be able to develop, manufacture or market any product that is covered by the intellectual property we in-license from Yale and may face other penalties. Such an occurrence would materially adversely affect our business prospects. For a variety of purposes, we will likely enter into additional licensing and funding arrangements with third parties that may also impose similar obligations on us.

Termination of any of our current or future in-licenses would reduce or eliminate our rights under these agreements and may result in our having to negotiate new or reinstated agreements with less favorable terms or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology. Any of the foregoing could prevent us from commercializing our other product candidates, which could have a material adverse effect on our operating results and overall financial condition.

In addition to the above risks, intellectual property rights that we license in the future may include sublicenses under intellectual property owned by third parties, in some cases through multiple tiers. The actions of our licensors may therefore affect our rights to use our sublicensed intellectual property, even if we are in compliance with all of the obligations under our license agreements. Should our licensors or any of the upstream licensors fail to comply with their obligations under the agreements pursuant to which they obtain the rights that are sublicensed to us, or should such agreements be terminated or amended, our ability to develop and commercialize our product candidates may be materially harmed.

Further, we do not have the right to control the prosecution, maintenance and enforcement of all of our licensed and sublicensed intellectual property, and even when we do have such rights, we may require the cooperation of our licensors and upstream licensors, which may not be forthcoming. For example, under the Yale license, any patent applications and issued patents under the agreement remain the property of Yale, and Yale has the right to choose patent counsel. Our business could be adversely affected if we or our licensors are unable to prosecute, maintain and enforce our licensed and sublicensed intellectual property effectively.

We may be subject to claims by third parties asserting that our employees, consultants, contractors or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

We employ individuals who were previously employed at universities as well as other biotechnology or pharmaceutical companies, including our competitors or potential competitors. We have received confidential and proprietary information from collaborators, prospective licensees and other third parties. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these employees or we have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. We may also be subject to claims that former employers or other third parties have an ownership interest in our patents. Litigation may be necessary to defend against these claims. We may not be successful in defending these claims, and if we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Even if we are successful, litigation could result in substantial cost and reputational loss and be a distraction to our management and other employees.

In addition, while it is our policy to require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Such assignment agreements may not be self-executing or may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise our ability to compete in the marketplace.

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

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and patent offices in foreign countries in several stages over the lifetime of the patent. The USPTO and patent offices in foreign countries require compliance with a number of procedural, documentary, fee payment and other requirements during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of a patent or patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In such an event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

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

In addition 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 also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to 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 of 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.

If we are not able to obtain patent term extensions in the United States under the Hatch-Waxman Act and in foreign countries under similar legislation, thereby potentially extending the term of our marketing exclusivity for our product candidates, our business may be impaired.

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, one of the U.S. patents covering each of such product candidates or the use thereof may be eligible for a patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, or Hatch-Waxman Act. The period of extension may be up to five years beyond the expiration date of a patent but cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. The Hatch-Waxman Act allows a maximum of one patent to be extended per FDA-approved product. Similar patent term extension also may be available in certain foreign countries upon regulatory approval of our product candidates. Nevertheless, we may not be granted patent term extension either in the United States or in any foreign country because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the term of extension, as well as the scope of patent protection during any such extension, afforded by the governmental authority could be less than we request.

If we are unable to obtain patent term extension or restoration, or the term of any such extension is less than we request, the period during which we will have the right to exclusively market our product may be shortened and our competitors may obtain approval of competing products following our patent expiration sooner, and our revenue could be reduced, possibly materially.

We only have limited geographical protection with respect to certain patents and we may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents covering our product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In-licensing patents covering our product candidates in all countries throughout the world may similarly be prohibitively expensive, if such opportunities are available at all. And in-licensing or filing, prosecuting and defending patents even in only those jurisdictions in which we develop or commercialize our product candidates may be prohibitively expensive or impractical. Competitors may use our and our licensors' technologies in jurisdictions where we have not obtained patent protection or licensed patents to develop their own products and, further, may export otherwise infringing products to territories where we and our licensors have patent protection, but enforcement is not as strong as that in the United States or the European Union. These products may compete with our product candidates, and our or our licensors' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

In addition, we may decide to abandon national and regional patent applications while they are still pending. The grant proceeding of each national or regional patent is an independent proceeding which may lead to situations in which applications may be rejected by the relevant patent office, while substantively similar applications are granted by others. For example, relative to other countries, China has a heightened detailed description requirement for patentability. Furthermore, generic drug manufacturers or other competitors may challenge the scope, validity or enforceability of our or our licensors' patents, requiring us or our licensors to engage in complex, lengthy and costly litigation or other proceedings. Generic drug manufacturers may develop, seek approval for and launch generic versions of our products. It is also quite common that depending on the country, the scope of patent protection may vary for the same product candidate or technology.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or regulations in the United States and the European Union, and many companies have encountered significant difficulties in protecting and defending proprietary rights in such jurisdictions. Moreover, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets or other forms of intellectual property, which could make it difficult for us to prevent competitors in some jurisdictions from marketing competing products in violation of our proprietary rights generally.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, are likely to result in substantial costs and divert our efforts and attention from other aspects of our business, and additionally could put our or our licensors' patents at risk of being invalidated or interpreted narrowly, could increase the risk of our or our licensors' patent applications not issuing, or could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, while damages or other remedies may be awarded to the adverse party, which may be commercially significant. If we prevail, damages or other remedies awarded to us, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our product candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our product candidates in all of our expected significant foreign markets. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition in those jurisdictions.

In some jurisdictions, compulsory licensing laws compel patent owners to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors are forced to grant a license to third parties under patents relevant to our business, or if we or our licensors are prevented from enforcing patent rights against third parties, our competitive position may be substantially impaired in such jurisdictions.

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

The regulatory approval process of the FDA is lengthy, time-consuming and inherently unpredictable, and if we are ultimately unable to obtain marketing approval for our product candidates, our business will be substantially harmed.

The time required to obtain approval by the FDA is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not obtained marketing approval for any product candidate and it is possible that none of our existing product candidates, or any product candidates we may seek to develop in the future will ever obtain marketing approval.

Our product candidates could fail to receive marketing approval for many reasons, including the following:

- the FDA may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA that a product candidate is safe and effective for its proposed indication;
- results of clinical trials may not meet the level of statistical significance required by the FDA for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA may disagree with our interpretation of data from preclinical studies or clinical trials;
- data collected from clinical trials of our product candidates may not be sufficient to support the submission of a New Drug Application, or NDA, to the FDA or other submission or to obtain marketing approval in the United States;
- the FDA may find deficiencies with or fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations and prospects. The FDA has substantial discretion in the approval process, and determining when or whether regulatory approval will be obtained for any of our product candidates. Even if we believe the data collected from clinical trials of our product candidates are promising, such data may not be sufficient to support approval by the FDA.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Even if we complete the necessary preclinical studies and clinical trials, the marketing approval process is expensive, time-consuming and uncertain and may prevent us from obtaining approvals for the commercialization of some or all of our product candidates. 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 and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, export and import are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by the EMA and similar regulatory authorities outside of the United States. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. We have not submitted an application for or received marketing approval for any of our product candidates in the United States or in any other jurisdiction.

As a company, we do not have experience in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third-party clinical research organizations or other third-party consultants or vendors 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. Our product candidates may not be effective, may be only moderately effective 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. New cancer drugs frequently are indicated only for patient populations that have not responded to an existing therapy or have relapsed.

The process of obtaining marketing approvals, both in the United States and abroad, is expensive, may take 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. 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 cause delays in the approval or rejection of an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is 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. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

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.

Failure to obtain marketing approval in foreign jurisdictions would prevent our product candidates from being marketed abroad and may limit our ability to generate revenue from product sales.

In order to market and sell our products in the European Union and many other jurisdictions, we, and any 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. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The marketing approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. We, and any 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.

In many countries outside the United States, a product candidate must also be approved for reimbursement before it can be sold in that country. In some cases, the price that we intend to charge for our products, if approved, is also subject to approval. Obtaining non-U.S. regulatory approvals and compliance with non-U.S. regulatory requirements could result in significant delays, difficulties and costs for us and any collaborators and could delay or prevent the introduction of our product candidates in certain countries. In addition, if we or any collaborators fail to obtain the non-U.S. approvals required to market our product candidates outside the United States or if we or any collaborators fail to comply with applicable non-U.S. regulatory requirements, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed and our business, financial condition, results of operations and prospects may be adversely affected.

Additionally, on June 23, 2016, the electorate in the United Kingdom voted in favor of leaving the European Union, commonly referred to as Brexit. On March 29, 2017, the country formally notified the European Union of its intention to withdraw pursuant to Article 50 of the Lisbon Treaty. The United Kingdom had a period of a maximum of two years from the date of its formal notification to negotiate the terms of its withdrawal from, and future relationship with, the European Union. If no formal withdrawal agreement can be reached between the United Kingdom and the European Union, then it is expected that the United Kingdom's membership of the European Union would automatically terminate on the deadline, which was initially March 29, 2019. That deadline has been extended to October 31, 2019 to allow the parties to negotiate a withdrawal agreement, which has proven to be extremely difficult to date, Discussions between the United Kingdom and the European Union will continue to focus on withdrawal issues and transition agreements. However, limited progress to date in these negotiations and ongoing uncertainty within the government of the United Kingdom sustains the possibility of the United Kingdom leaving the European Union without a withdrawal agreement and associated transition period in place, which is likely to cause significant market and economic disruption. On July 24, 2019, Boris Johnson was appointed

Prime Minister of the United Kingdom, who has previously suggested that the country should leave the European Union without an agreement.

Since a significant proportion of the regulatory framework in the United Kingdom is derived from European Union directives and regulations, Brexit could materially impact the regulatory regime with respect to the approval of our product candidates in the United Kingdom or the European Union. For example, the British government has begun negotiating the terms of the United Kingdom's withdrawal from the European Union. It is unclear what impact Brexit may have, if any, on the development and commercialization of our product candidates, although the first practical effects of Brexit on healthcare were felt in November 2017 when European Union member states voted to move the EMA, the European Union's regulatory body, from London to Amsterdam. Operations in Amsterdam are slated to commence by March 30, 2019, although the move itself could cause significant disruption to the regulatory approval process in Europe. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent us from commercializing our product candidates in the United Kingdom and/or the European Union and restrict our ability to generate revenue and achieve and sustain profitability. If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the United Kingdom and/or European Union for our product candidates, which could significantly and materially harm our business.

Even if we, or any collaborators, obtain marketing approvals for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we, or they, manufacture and market our products, which could materially impair our ability to generate revenue.

Once marketing approval has been granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulation. We, and any collaborators, must therefore comply with requirements concerning advertising and promotion for any of our product candidates for which we or they obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus, we, and any collaborators will not be able to promote any products we develop for indications or uses for which they are not approved.

In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive FDA requirements, including ensuring that quality control and manufacturing procedures conform to cGMPs, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We, our third-party manufacturers, any collaborators and their third-party manufacturers could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMPs.

Accordingly, assuming we, or any collaborators, receive marketing approval for one or more of our product candidates, we, and any collaborators, and our respective third-party manufacturers will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control.

If we, and any collaborators, are not able to comply with post-approval regulatory requirements, we, and any collaborators, could have the marketing approvals for our products withdrawn by regulatory authorities and our, or any collaborators', ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. Further, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

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

Any product candidate for which we, or any collaborators, obtain marketing approval, as well as the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by the FDA, EMA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, including the requirement to implement a risk evaluation and mitigation strategy. New cancer drugs frequently are indicated only for patient populations that have not responded to an

existing therapy or have relapsed. If any of our product candidates receives marketing approval, the accompanying label may limit the approved use of our drug in this way, which could limit sales of the product.

The FDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product, including the adoption and implementation of risk evaluation and mitigation strategies. The FDA and other agencies, including the Department of Justice, or the DOJ, closely regulate and monitor the post-approval marketing and promotion of drugs to ensure they are marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA and DOJ impose stringent restrictions on manufacturers' communications regarding off-label use, and if we do not market our products for their approved indications, we may be subject to enforcement action for off-label marketing. Violations of the Federal Food, Drug, and Cosmetic Act and other statutes, including the False Claims Act, relating to the promotion and advertising of prescription drugs may lead to investigations and enforcement actions 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 side effects or other problems with our products or their 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 and warnings on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters 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;
- damage to relationships with any potential collaborators;
- unfavorable press coverage and damage to our reputation;
- refusal to permit the import or export of our products;
- product seizure;
- injunctions or the imposition of civil or criminal penalties; or
- litigation involving patients using our products.

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.

In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive FDA requirements, including ensuring that quality control and manufacturing procedures conform to cGMPs applicable to drug manufacturers or quality assurance standards applicable to medical device manufacturers, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We, any contract manufacturers we may engage in the future, our collaborators and their contract manufacturers will also be subject to other regulatory requirements, including submissions of safety and other post-marketing information and reports, registration and listing requirements, requirements regarding the distribution of samples to clinicians, recordkeeping, and costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product such as the requirement to implement a risk evaluation and mitigation strategy.

Regulatory reform may limit the FDA's ability to engage in oversight and implementation activities in the normal course, and that could negatively impact our business.

The Trump Administration has taken several executive actions, including the issuance of a number of executive orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. On January 30, 2017, President Trump issued an executive order, applicable to all executive agencies, including the FDA, that requires that for each notice of proposed rulemaking or final regulation to be issued in fiscal year 2017, the agency shall identify at least two existing regulations to be repealed, unless prohibited by law. These requirements are referred to as the "two-for-one" provisions. This executive order includes a budget neutrality provision that requires the total incremental cost of all new regulations in the 2017 fiscal year, including repealed regulations, to be no greater than zero, except in limited circumstances. For fiscal years 2018 and beyond, the executive order requires agencies to identify regulations to offset any incremental cost of a new regulation. In interim guidance issued by the Office of Information and Regulatory Affairs within the Office of Management and Budget on February 2, 2017, the administration indicates that the "two-for-one" provisions may apply not only to agency regulations, but also to significant agency guidance documents. It is difficult to predict how these requirements will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

Our relationships with health care providers, physicians and third-party payors will be subject to applicable anti-kickback, fraud and abuse and other health care laws and regulations, which could expose us to civil, criminal and administrative sanctions, contractual damages, reputational harm and diminished future profits and earnings.

Health care providers, physicians and third-party payors will play a primary role in the recommendation and prescription of any drugs for which we obtain marketing approval. Our future arrangements with third-party payors, health care providers and physicians may expose us to broadly applicable state and federal fraud and abuse and other health care laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any drugs for which we obtain marketing approval. These include the following:

- *Anti-Kickback Statute,* which prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, paying, or receiving remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchasing, ordering, leasing, arranging for, or recommending the purchasing, ordering, or leasing of, any good or service for which payment may be made, in whole or in part, under a federal health care program such as Medicare or Medicaid;
- *False Claims Act*—the federal civil and criminal false claims laws, including the civil False Claims Act, and Civil Monetary Penalties Law, which prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, false or fraudulent claims for payment or knowingly making, using or causing to made or used a false record or statement material to a false or fraudulent claim or to avoid, decrease or conceal an obligation to pay money to the federal government, or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government;
- *HIPAA*—the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal statutes that prohibit, among other things, executing a scheme to defraud any health care benefit program or making false statements relating to health care matters, and apply regardless of the payor (e.g., public or private);
- *HIPAA and HITECH*—HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, which impose obligations on HIPAA covered entities and their business associates, including mandatory contractual terms and required implementation of administrative, physical and technical safeguards to maintain the privacy and security of individually identifiable health information;
- *Transparency Requirements*—the federal physician transparency requirements known as the Physician Payments Sunshine Act, under the Patient Protection and Affordable Care Act, as amended by the Health Care Education Reconciliation Act, or the ACA, which requires manufacturers of drugs, medical devices, biological and medical supplies covered by Medicare, Medicaid, or State Children's Health Insurance Program (CHIP) to report annually to the Centers for Medicare & Medicaid Services, or CMS, within the United States Department of Health and Human Services, information related to payments and other transfers of value made by that entity to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and

- *Analogous State, Local and Foreign Laws*—analogous state, local and foreign fraud and abuse laws and regulations, such as state anti-kickback and false claims laws, which may be broader than similar federal laws, can apply to claims involving health care items or services regardless of payor, and are enforced by many different federal and state agencies as well as through private actions.

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 require drug manufacturers to report information related to payments and other transfers of value to physicians and other health care providers or marketing expenditures. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable health care 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 health care 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/or administrative penalties, damages, fines, individual imprisonment, disgorgement, exclusion from government funded health care programs, such as Medicare and Medicaid, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings, additional reporting obligations and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws and the curtailment or restructuring of our operations. If any of the physicians or other health care 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 criminal, civil or administrative sanctions, including exclusions from government funded health care programs.

The provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is also prohibited in the European Union. The provision of benefits or advantages to physicians is governed by the national anti-bribery laws of European Union Member States, such as the U.K. Bribery Act 2010, or the Bribery Act. Infringement of these laws could result in substantial fines and imprisonment.

Payments made to physicians in certain European Union Member States must be publicly disclosed. Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician's employer, his or her competent professional organization and/or the regulatory authorities of the individual European Union Member States. These requirements are provided in the national laws, industry codes or professional codes of conduct, applicable in the European Union Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

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

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate has established its own data security and privacy frameworks with which we must comply. For example, the collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the European Union, including personal health data, is subject to the EU General Data Protection Regulation, or the GDPR, which took effect across all member states of the European Economic Area, or EEA in May 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, providing notification of data breaches, and taking certain measures when engaging third-party processors. The GDPR increases our obligations with respect to clinical trials conducted in the EEA by expanding the definition of personal data to include coded data and requiring changes to informed consent practices and more detailed notices for clinical trial subjects and investigators. In addition, the GDPR also imposes strict rules on the transfer of personal data to countries outside the European Union, including the United States and, as a result, increases the scrutiny that clinical trial sites located in the EEA should apply to transfers of personal data from such sites to countries that are considered to lack an adequate level of data protection, such as the United States. The GDPR also permits data protection authorities to require destruction of improperly gathered or used

personal information and/or impose substantial fines for violations of the GDPR, which can be up to four percent of global revenues or 20 million Euros, whichever is greater, and it also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. In addition, the GDPR provides that EU member states may make their own further laws and regulations limiting the processing of personal data, including genetic, biometric or health data.

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

Current and future legislation may increase the difficulty and cost for us and any collaborators to obtain marketing approval of and commercialize our product candidates and affect the prices we, or they, 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. The pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by legislative initiatives. Current laws, as well as other healthcare reform measures that 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 FDA approved product.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or the MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for physician-administered drugs. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class. Cost reduction initiatives and other provisions of this legislation could decrease the coverage and price that we receive for any approved products. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

In March 2010, then-President Obama signed into law the ACA. Among the provisions of the ACA of importance to our business and our product candidates are the following:

- an annual, non-deductible 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 federal 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 agree to offer 50% (and 70% starting January 1, 2019) point-of-sale discounts off negotiated prices;
- 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 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.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These changes include the Budget Control Act of 2011, which, among other things, led to aggregate reductions to Medicare payments to providers of up to 2% per fiscal year that started in 2013 and, due to subsequent legislative amendments to the statute, will stay in effect through 2027 unless additional congressional action is taken, and the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several types of providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our product candidates for which we may obtain marketing approval or the frequency with which any such product candidate is prescribed or used. Further, there have been several recent U.S. congressional inquiries and proposed state and federal legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs of drugs under Medicare and reform government program reimbursement methodologies for drug products.

We expect that these healthcare reforms, as well as other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product and/or the level of reimbursement physicians receive for administering any approved product we might bring to market. Reductions in reimbursement levels may negatively impact the prices we receive or the frequency with which our products are prescribed or administered. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors.

With enactment of the TCJA, which was signed by the President on December 22, 2017, Congress repealed the “individual mandate.” The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, became effective on January 1, 2019. According to the Congressional Budget Office, the repeal of the individual mandate will cause 13 million fewer Americans to be insured in 2027 and premiums in insurance markets may rise. Additionally, on January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain ACA-mandated fees, including the so-called “Cadillac” tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget Act of 2018, among other things, amends the ACA, effective January 1, 2019, to increase from 50 percent to 70 percent the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to reduce the coverage gap in most Medicare drug plans, commonly referred to as the “donut hole.” Further, each chamber of the Congress has put forth multiple bills designed to repeal or repeal and replace portions of the ACA. Although none of these measures has been enacted by Congress to date, Congress may consider other legislation to repeal and replace elements of the ACA.

The Trump Administration has also taken executive actions to undermine or delay implementation of the ACA. Since January 2017, President Trump has signed two Executive Orders designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. One Executive Order directs federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. The second Executive Order terminates the cost-sharing subsidies that reimburse insurers under the ACA. Several state Attorneys General filed suit to stop the administration from terminating the subsidies, but their request for a restraining order was denied by a federal judge in California on October 25, 2017. In addition, CMS has recently proposed regulations that would give states greater flexibility in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the ACA for plans sold through such marketplaces. Further, on June 14, 2018, U.S. Court of Appeals for the Federal Circuit ruled that the federal government was not required to pay more than $12 billion in ACA risk corridor payments to third-party payors who argued such payments were owed to them. The effects of this gap in reimbursement on third-party payors, the viability of the ACA marketplace, providers, and potentially our business, are not yet known.

Further, on December 14, 2018, a U.S. District Court judge in the Northern District of Texas ruled that the individual mandate portion of the ACA is an essential and inseverable feature of the ACA, and therefore because the mandate was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. The Trump administration and CMS have both stated that the ruling will have no immediate effect, and on December 30, 2018 the same judge issued an order staying the judgment pending appeal. The Trump Administration has represented to the US Court of Appeals for the Fifth Circuit considering this judgment that it does not oppose the lower court's ruling. To that end, on May 1, 2019, the Justice Department filed a brief asking the Court to strike down the entirety of the ACA. Thereafter, on July 10, 2019, the Court of Appeals for the Fifth Circuit heard oral argument in this case. In those arguments, the Trump administration argued in support of upholding the lower court decision. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results.

The costs of prescription pharmaceuticals have also been the subject of considerable discussion in the United States, and members of Congress and the Trump administration have stated that they will address such costs through new legislative and administrative measures. To date, there have been several recent U.S. congressional inquiries and proposed and enacted state and federal legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs 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 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. While any proposed measures will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures are increasingly passing legislation and implementing 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.

Specifically, there have been several recent U.S. congressional inquiries and proposed federal and proposed and enacted state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the costs of drugs under Medicare and reform government program reimbursement methodologies for drug products. At the federal level, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. For example, on May 11, 2018, the Administration issued a plan to lower drug prices. Under this blueprint for action, the Administration indicated that the Department of Health and Human Services, or HHS, will: take steps to end the gaming of regulatory and patent processes by drug makers to unfairly protect monopolies; advance biosimilars and generics to boost price competition; evaluate the inclusion of prices in drug makers' ads to enhance price competition; speed access to and lower the cost of new drugs by clarifying policies for sharing information between insurers and drug makers; avoid excessive pricing by relying more on value-based pricing by expanding outcome-based payments in Medicare and Medicaid; work to give Part D plan sponsors more negotiation power with drug makers; examine which Medicare Part B drugs could be negotiated for a lower price by Part D plans, and improving the design of the Part B Competitive Acquisition Program; update Medicare's drug-pricing dashboard to increase transparency; prohibit Part D contracts that include "gag rules" that prevent pharmacists from informing patients when they could pay less out-of-pocket by not using insurance; and require that Part D plan members be provided with an annual statement of plan payments, out-of-pocket spending, and drug price increases.

At the state level, individual states are increasingly aggressive in passing legislation and implementing 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. In addition, regional health care authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other health care programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

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 the 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. 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-marketing testing and other requirements.

Governments outside of the United States tend to impose strict price controls, which may adversely affect our revenues from the sales of drugs, 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 drug. To obtain reimbursement or pricing approval in some countries, we, or our collaborators, may be required to conduct a clinical trial that compares the cost-effectiveness of our drug to other available therapies. If reimbursement of our drugs is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

We are subject to anti-corruption laws, as well as export control laws, customs laws, sanctions laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses, which could adversely affect our business, results of operations and financial condition.

Our operations are subject to anti-corruption laws, including the FCPA, the Bribery Act, and other anticorruption laws that apply in countries where we do business and may do business in the future. The FCPA, the Bribery Act, and these other laws generally prohibit us, our officers and our employees and intermediaries from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. We may in the future operate in jurisdictions that pose a high risk of potential FCPA or Bribery Act violations, and we may participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under the FCPA, the Bribery Act, or local anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United States, United Kingdom, and authorities in the European Union, including applicable export control regulations, economic sanctions on countries and persons, customs requirements and currency exchange regulations, which we collectively refer to as Trade Control Laws.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the FCPA, the Bribery Act, or other legal requirements, including Trade Control Laws. If we are not in compliance with the FCPA, the Bribery Act, and other anti-corruption laws or Trade Control Laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. The Securities and Exchange Commission, or SEC, also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions. Likewise, any investigation of any potential violations of the FCPA, the Bribery Act, other anti-corruption laws or Trade Control Laws by U.S., U.K. or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

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 significantly 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. From time to time and in the future, our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may also produce hazardous waste products. Although we contract with third parties for the disposal of these materials and waste products, we cannot completely eliminate the risk of contamination or injury resulting from these materials. In the event of contamination or injury resulting from the use or disposal of our 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.

We maintain workers' compensation insurance to cover costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, but 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 addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. Current or future environmental laws and regulations may impair our research, development

or production efforts, which could adversely affect our business, financial condition, results of operations or prospects. In addition, failure to comply with these laws and regulations may result in substantial fines, penalties or other sanctions.

Risks Related to Employee Matters and Managing Growth

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the research, development and clinical expertise of our management and scientific teams. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. We also benefit from the research expertise of Professor Craig Crews, Ph.D., our scientific founder and Chief Scientific Advisor. Although we have entered into a consulting agreement with Professor Crews, he may terminate his relationship 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 marketing 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 research and 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 will need to grow the size of our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.

As of June 30, 2019, we had 103 full-time employees, including 85 employees engaged in research and development. We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of drug development, manufacturing, regulatory affairs and, 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. Future growth would impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;

- managing our internal development efforts effectively, including the clinical and FDA review process for ARV-110, ARV-471 and any product candidate we develop, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to advance development of and, if approved, commercialize ARV-110, ARV-471 and any product candidate we develop will depend, in part, on our ability to effectively manage any future growth. 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.

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

Our internal computer systems and those of any collaborators, contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our marketing approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, our competitive position could be harmed and the further development and commercialization of our product candidates could be delayed.

Our employees, independent contractors, vendors, principal investigators, CROs and consultants may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading laws.

We are exposed to the risk that our employees, independent contractors, vendors, principal investigators, CROs and consultants may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include:

- intentional, reckless or negligent conduct or disclosure of unauthorized activities to us that violate the regulations of the FDA or similar foreign regulatory authorities;
- healthcare fraud and abuse laws and regulations in the United States and abroad;
- violations of U.S. federal securities laws relating to trading in our common stock; and
- failures to reporting of financial information or data accurately.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations regulate a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Other forms of misconduct could involve the improper use of information obtained in the course of clinical trials or creating fraudulent data in our preclinical studies or clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. We have adopted a code of conduct and implement other internal controls applicable to all of our employees, but it is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Additionally, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Risks Related to Our Common Stock

The price of our common stock is volatile and may fluctuate substantially, which could result in the loss of all or part of your investment.

Our stock price is volatile. The stock market in general and the market for smaller biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market price for our common stock may be influenced by many factors, including:

- the degree of success of competitive products or technologies;
- results of preclinical studies and clinical trials, of our product candidates or those of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire or in-license additional technologies or product candidates;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this “Risk Factors” section.

If any of the foregoing matters were to occur, or if our operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. In the past, following periods of volatility in the market price of a company’s securities, securities class-action litigation often has been instituted against that company. Such litigation, if instituted against us, could cause us to incur substantial costs to defend such claims and divert management’s attention and resources, which could seriously harm our business, financial condition, results of operations and prospects.

Our executive officers, directors and principal stockholders, if they choose to act together, have the ability to significantly influence or control all matters submitted to stockholders for approval.

Our executive officers and directors, combined with our stockholders who own more than 5% of our outstanding common stock, in the aggregate, beneficially own shares representing approximately 40% of our capital stock. As a result, if these stockholders were to choose to act together, they would be able to significantly influence or control all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, could control the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of ownership control may:

- delay, defer or prevent a change in control;
- entrench our management and the board of directors; or
- impede a merger, consolidation, takeover or other business combination involving us that other stockholders may desire.

Provisions in our corporate charter documents, under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our certificate of incorporation and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- provide for a classified board of directors such that only one of three classes of directors is elected each year;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from our board of directors;
- provide for advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call stockholder meetings;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a “poison pill” that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the approval of the holders of at least 75% of the votes that all our stockholders would be entitled to cast to amend or repeal specified provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

An active trading market for our common stock may not be sustained.

Our shares of common stock began trading on the Nasdaq Global Select Market on September 27, 2018. Given the limited trading history of our common stock, there is a risk that an active trading market for our shares will not be sustained, which could put downward pressure on the market price of our common stock and therefore affect the ability of our stockholders to sell their shares.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If no or few securities or industry analysts continue coverage of us, the trading price for our stock could be negatively impacted. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our trials or operating results fail to meet the expectations of analysts, our stock price will likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

If a significant portion of our total outstanding shares are sold into the market, the market price of our common stock could drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common

stock. Holders of a significant portion of our common stock have rights, subject to specified conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

In addition, we issued 1,346,313 shares of our common stock to Bayer in connection with entering into the Collaboration Agreement. These shares are subject to lock-up restrictions, which will expire six months following the issuance date. Moreover, if at any time prior to the third anniversary of the issuance date, we propose to register shares of our common stock with the SEC, Bayer will have the right to require us to use commercially reasonable efforts to prepare and file with the SEC a registration statement covering the resale of the shares, subject to specified conditions.

We have registered all shares of common stock that we may currently issue under our equity compensation plans. These shares can be freely sold in the public market upon issuance, subject to volume, notice and manner of sale limitations applicable to affiliates.

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

We are an "emerging growth company," or EGC, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will remain an EGC until the earlier of: (1) the last day of the fiscal year in which we have total annual gross revenue of $1.07 billion or more; (2) December 31, 2023; (3) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; and (4) the date on which we are deemed to be a large accelerated filer under the rules of the SEC, which means the last day of the first year in which the market value of our common stock that is held by non-affiliates exceeds $700 million as of June 30.

We are also a "smaller reporting company," as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended. We would cease to be a smaller reporting company if we have a public float in excess of $250 million, or have annual revenues in excess of $100 million and a public float in excess of $700 million, determined on an annual basis.

For so long as we remain an EGC, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not EGCs. These exemptions include:

- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- reduced disclosure obligations regarding executive compensation;
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved; and
- an exemption from compliance with the requirement of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor's report on the financial statements.

In addition to the above reduced disclosure requirements applicable to EGCs, as a smaller reporting company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not smaller reporting companies. These exemptions include:

- being permitted to provide only two years of audited financial statements in our Annual Report on Form 10-K, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to furnish a contractual obligations table in "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and
- not being required to furnish a stock performance graph in our annual report.

We may choose to take advantage of some, but not all, of the available exemptions. We cannot predict whether investors will find our common stock less attractive if we rely on certain or all of these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, the JOBS Act provides that an EGC may take advantage of an extended transition period for complying with new or revised accounting standards. This allows an EGC to delay the adoption of certain accounting standards until

those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not EGCs.

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

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and have made some activities more time-consuming and costly. For example, these rules and regulations have made it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors.

For as long as we remain an EGC or a smaller reporting company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs or smaller reporting companies as described in the preceding risk factor.

Pursuant to Section 404 of Sarbanes-Oxley, or Section 404, we will be required to furnish a report by our management on our internal control over financial reporting beginning with the annual report for our fiscal year ending December 31, 2019. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets and restrict our future access to the capital markets due to a loss of confidence in the reliability of our financial statements.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders. Our certificate of incorporation further provides that the federal district courts of the United States of America are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. These choice of forum provisions could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty owed by our directors, officers, other employees or stockholders to the company or our stockholders, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or any action asserting a claim arising pursuant to our certificate of incorporation or our bylaws or governed by the internal affairs doctrine. Our certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, or the Securities Act. These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, other employees or other stockholders, which may discourage such lawsuits against us and our directors, officers, other employees or other stockholders. Alternatively, if a court were to find this provision in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

On December 19, 2018, the Delaware Court of Chancery issued a decision declaring that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are ineffective and invalid under Delaware law. On January 17, 2019, that decision was appealed to the Delaware Supreme Court. As a result of the Court of Chancery's decision or a decision by the Supreme Court of Delaware affirming the Court of Chancery's decision, we may incur additional costs, which could have an adverse effect on our business, financial condition or results of operations.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements we may enter into may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

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

Recent Sales of Unregistered Securities

We did not issue any securities that were not registered under Securities Act during the six months ended June 30, 2019. On June 3, 2019, in connection with entering into our collaboration with Bayer, we entered into an agreement to sell 1,346,313 shares of our common stock to Bayer at a price of $24.14 per share, for an aggregate purchase price of approximately $32.5 million. The sale of shares to Bayer was subject to customary closing conditions, including certain antitrust approvals. On July 16, 2019, following the satisfaction of such closing conditions, the shares were issued to Bayer in reliance on the exemption from registration under Section 4(a)(2) of the Securities Act for a transaction by an issuer not involving any public offering within the meaning of Section 4(a)(2) thereunder, and Regulation D promulgated thereunder.

Use of Proceeds from Initial Public Offering of Common Stock

In October 2018, we closed our initial public offering of an aggregate of 7,700,482 shares of common stock, including 200,482 additional shares of common stock at a subsequent closing upon the exercise in part by the underwriters of their option to purchase additional shares of common stock, at a public offering price of $16.00 per share. The aggregate gross proceeds to us from our initial public offering were $123.2 million. The offer and sale of all of the shares in the offering were registered under the Securities Act pursuant to registration statement on Form S-1 (File No. 333-227112), which was declared effective by the SEC on September 26, 2018.

Aggregate net proceeds from the offering were approximately $111.0 million, after deducting underwriting discounts and commissions and offering expenses.

As of June 30, 2019, we had used approximately $26.3 million of the net offering proceeds, primarily to fund the advancement of our androgen receptor program, or AR program, and estrogen receptor program, or ER program, as well as for working capital and general corporate purposes. We have not used any of the net proceeds from the offering to make payments, directly or indirectly, to any directors or officers of ours or their associates or to persons owning 10% or more of any class of equity securities or to any affiliates of ours. We have invested the net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments and U.S. government securities. There has been no material change in our planned use of the net proceeds from the offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on September 27, 2018.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-38672) filed with the SEC on October 1, 2018).
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-38672) filed with the SEC on October 1, 2018).
10.1*†	Collaboration and License Agreement between Arvinas Operations, Inc. and Bayer AG, dated June 3, 2019.
10.2*†	Commitment Agreement between Arvinas Operations, Inc., Protag LLC, and Bayer CropScience LP, dated June 3, 2019.
10.3*†	Option Agreement between Arvinas Operations, Inc. and Bayer CropScience LP, dated June 3, 2019.
10.4*†	Arvinas IP Contribution Agreement Agreement between Arvinas Operations, Inc. and Protag LLC, dated July 16, 2019.
10.5*	Stock Purchase Agreement between the Registrant and Bayer AG, dated June 3, 2019.
10.6*	Investor Agreement between the Registrant and Bayer AG, dated July 16, 2019.
10.7*†	Amendment No. 5 to License Agreement between Yale University and Arvinas Operations, Inc. (formerly Arvinas, Inc.) dated June 3, 2019.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* filed herewith

** furnished herewith

† Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

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

Arvinas, Inc.

Date: August 5, 2019

By: /s/ John Houston, Ph.D.

John Houston, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 5, 2019

By: /s/ Sean Cassidy

Sean Cassidy
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the Company, if publicly disclosed. Double asterisks denote omissions.

COLLABORATION AND LICENSE AGREEMENT

by and between

ARVINAS OPERATIONS, INC.

and

BAYER AG

COLLABORATION AND LICENSE AGREEMENT

This Agreement (this **"Agreement"**) is entered into as of June 3, 2019, by and between **Arvinas Operations, Inc.**, a corporation organized and existing under the laws of Delaware, located at 5 Science Park, 395 Winchester Ave., New Haven, CT 06511, USA (**"Arvinas"**) and **Bayer AG**, a corporation having offices at Müllerstrasse 178, 13353 Berlin, Germany (**"Bayer"**). This Agreement will be immediately effective upon the occurrence of the Closing (as such term is defined below) (such time, the "**Effective Date**"). This Agreement will immediately terminate and become null and void and have no effect, without any liability on the part of Arvinas or Bayer or their respective directors, officers, employees, partners, managers, members, stockholders or other representatives, and all rights and obligations of Arvinas and Bayer shall cease, upon a termination of the Commitment Agreement (as such term is defined below) in accordance with Section 2.4 thereof prior to the occurrence of the Closing.

RECITALS:

WHEREAS, Arvinas has developed a proprietary Proteolysis Targeting Chimera (PROTAC®) technology platform which translates innovative protein degradation approaches into novel drugs for the treatment of human diseases;

WHEREAS, Bayer and Arvinas desire to enter into a research collaboration applying Arvinas' proprietary PROTAC technology to targets nominated by Bayer, with the goal of identifying and/or optimizing novel, orally bioavailable compounds that bind to and induce degradation of such targets for development and commercialization by Bayer; and

WHEREAS, concurrently with the execution of this Agreement, Bayer and Arvinas (either directly or through controlled Affiliates) are entering into (i) that certain Commitment Agreement of even date herewith (the "**Commitment Agreement**"), which contemplates certain financial and in-kind contributions to be made by the parties in connection with the formation of a joint venture in the bio-agriculture field (such joint venture as further described therein and in the various agreements and other instruments appended thereto, the "**Joint Venture**"), and (ii) that certain Stock Purchase Agreement of even date herewith (the "**Stock Purchase Agreement**"), which contemplates an equity investment by an Affiliate of Bayer in Arvinas, Inc. (such investment as further described therein and in the various agreements and other instruments appended thereto, the "**Equity Investment**"). Each of the transactions contemplated by the Commitment Agreement and the Stock Purchase Agreement will be consummated in accordance with their respective terms simultaneously at the Closing (as such term is defined in the Commitment Agreement), upon which event the parties intend that this Agreement will become effective automatically and with no further action of the parties.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Arvinas and Bayer hereby agree as follows as of the Effective Date:

ARTICLE 1 DEFINITIONS

Unless specifically set forth to the contrary herein, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below.

1.1 **"AAALAC"** shall mean the Association for Assessment and Accreditation of Laboratory Animal Care International.

1.2 **"Affiliate"** of a Person shall mean, as of any point in time and for so long as such relationship continues to exist, any other Person which (directly or indirectly) is controlled by, controls or is under common control with such Person. For the purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") as used with respect to a Person means (i) in the case of a corporate entity, direct or indirect ownership of voting securities entitled to cast fifty percent (50%) or more of the votes in the election of directors or (ii) in the case of a non-corporate entity, direct or indirect ownership of fifty percent (50%) or more of the equity interests with the power to direct the management and policies of such entity.

1.3 **"Agreement"** shall have the meaning given such term in the preamble to this document.

1.4 **"Alliance Manager"** shall have the meaning set forth in Section 2.4.5.

1.5 **"Arvinas"** shall have the meaning given such term in the preamble to this Agreement.

1.6 **"Arvinas Collaboration IP"** shall mean all Collaboration IP developed or invented solely by employee(s) of Arvinas or other persons not employed by Bayer who are acting on behalf of Arvinas, but excluding any Collaboration IP that is PROTAC Improvement IP or Collaboration Compound IP.

1.7 **"Arvinas Component"** shall have the meaning set forth in Section 7.1.5(d).

1.8 **"Arvinas Patent Rights"** shall mean Patent Rights Controlled by Arvinas or any of its Affiliates, including those listed on Schedule 1.8, which claim or Cover: (i) PROTAC Background IP or PROTAC Improvement IP; or (ii) Arvinas Collaboration IP, but for clarity shall exclude Collaboration Compound Patent Rights and Joint Patent Rights.

1.9 **"Arvinas Program Patent Rights"** shall have the meaning set forth in Section 7.2.4(a).

1.10 **"Bayer"** shall have the meaning given such term in the preamble to this Agreement.

1.11 **"Bayer Compounds**" shall mean, with respect to a Collaboration Target, those compounds provided by Bayer to Arvinas for use in the Research Program pursuant to this Agreement as potential Targeting Compounds, and any derivatives, modifications or improvements thereof made in the course of performance of the Research Program (including any derivative, improvement or modification that contains or incorporates any such compounds, or any derivative, improvement or modification thereof, but excluding any Connector or Ligand contained in any such derivative, improvement or modification). For clarity, Collaboration Compounds are not Bayer Compounds.

1.12 **"Bayer Collaboration IP"** shall mean all Collaboration IP developed or invented solely by employee(s) of Bayer or other persons not employed by Arvinas who are acting on behalf of Bayer, but excluding any Collaboration IP that is PROTAC Improvement IP or Collaboration Compound IP.

1.13 **"Bayer Know-How"** shall mean all information and materials, including discoveries, improvements, processes, methods, protocols, formulas, data, inventions (including Bayer Collaboration IP and Bayer's rights in Joint Collaboration IP), know-how and trade secrets, patentable or otherwise, which during the term of this Agreement: (i) are in Bayer's Control; (ii) are not generally known; and (iii) are in Bayer's opinion necessary to Arvinas in the performance of Arvinas' obligations under the Research Program.

1.14 **"Bayer Party"** shall mean Bayer or its Sublicensee(s) (including any of Bayer's or its Sublicensee's(s') Affiliates).

1.15 **"Bayer Patent Rights"** shall mean Patent Rights Controlled by Bayer or any of its Affiliates which claim or Cover: (i) the Bayer Technology or Bayer Compounds; or (ii) Bayer Collaboration IP; but shall exclude Patent Rights claiming Sole Bayer PROTAC Improvement IP, Collaboration Compound Patent Rights and Joint Patent Rights.

1.16 **"Bayer Technology"** shall mean Technology Controlled by Bayer as of the Effective Date or during the term of this Agreement (solely to the extent arising or acquired other than in the course of performance of the Research Program) that is introduced to the Research Program by Bayer pursuant to a Research Plan.

1.17 **"Budget"** shall mean the mutually agreed budget under the relevant Research Plan.

1.18 **"Calendar Quarter"** shall mean the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

1.19 **"Calendar Year"** shall mean each successive period of twelve (12) months commencing on January 1 and ending on December 31.

1.20 **"Change of Control"** shall mean with respect to a Party: (1) the sale of all or substantially all of such Party's assets or business relating to this Agreement; (2) a merger, reorganization or consolidation involving such Party in which the voting securities of such Party outstanding immediately prior thereto cease to represent more than fifty percent (50%) of the combined voting power of the surviving entity immediately after such merger, reorganization or consolidation; or (3) a person or entity, or group of persons or entities, acting in concert, acquiring fifty percent (50%) or more of the voting equity securities or management control of such Party, in each of (1), (2) and (3) above excluding any such transaction between a Party and its Affiliate. In no event will a Change of Control include any transaction in which a Party or its successor(s) issues securities to investors solely for capital raising purposes.

1.21 **"Clinical Trial"** shall mean a Phase I Clinical Trial, Phase II Clinical Trial or Phase III Clinical Trial.

1.22 **"Collaboration Compound"** shall mean any PROTAC that either (i) is a PROTAC synthesized by or on behalf of either Party in the course of performance of the Research Program, or (ii) is optimized by or on behalf of Bayer or a Related Party outside of the course of performance of the Research Program based on a Collaboration Compound included in (i) and is covered by a claim included in any Patent Right within Licensed IP or other Collaboration IP, or is obtained through the direct and material use of Arvinas Confidential Information, and in each case (i) and (ii) that, by design, has a primary mechanism of action directed to degradation of the relevant Collaboration Target.

1.23 **"Collaboration Compound IP"** shall mean Collaboration Compounds and resulting Products, whether included within the Collaboration IP or arising outside of performance of the Research Program (but excluding any Connector or Ligand Covered by the Licensed IP contained therein and excluding any Bayer Compound contained therein) and all intellectual property rights to the extent claiming the composition, formulation or use of Collaboration Compounds or Products (and for clarity not to the extent claiming only the Connectors or Ligands or only the Bayer Compounds contained therein) or claiming any Manufacturing process developed solely or jointly by Bayer to the extent that it is specific for any Collaboration Compound that has become a Preclinical Candidate.

1.24 **"Collaboration Compound Patent Rights"** shall have the meaning set forth in Section 7.2.3.

1.25 **"Collaboration IP"** shall mean all Technology arising in the course of performance of the Research Program, including all Collaboration Compounds arising thereunder, but excluding any such Technology that is a Bayer Compound or other Technology to the extent directly relating thereto.

1.26 **"Collaboration Target"** shall mean, for so long as such Collaboration Target is subject to license rights from Arvinas hereunder, any target nominated by Bayer for use in the Research Program and accepted by Arvinas as provided in Section 2.2.1 or as a [**] Collaboration Target in accordance with Section 2.2.3, and any replacement therefor permitted in accordance with Section 2.2.5, each as identified by its UniProt number.

1.27 **"Combination Product"** shall mean a Product which includes, in combination with a Collaboration Compound, one or more pharmaceutically active ingredients other than a Collaboration Compound.

1.28 **"Commercialize"** or **"Commercializing"** shall mean to market, promote, distribute, offer for sale, sell, have sold, import, have imported, export, have exported or otherwise commercialize a compound or product. When used as a noun, "Commercialization" means any and all activities involved in Commercializing.

1.29 **"Commercially Reasonable Efforts"** shall mean, with respect to the efforts to be expended by a Party with respect to any objective, such reasonable, good faith efforts to accomplish such objective as such Party would normally use to accomplish a similar objective under similar circumstances. It is understood and agreed that with respect to the Development and Commercialization of any Product by either Party, such efforts shall be substantially equivalent to those efforts and resources that would generally be used by such Party for pharmaceutical products owned by it or to which it has rights, which product is (i) at a similar stage in its development or product life, (ii) of a similar therapeutic modality and (iii) of similar market potential, in each case taking into account all relevant factors that may affect the Development, Manufacturing, Marketing Authorization or Commercialization of a Collaboration Compound or Product, including, but not limited to, actual and potential issues of efficacy, safety or stability; product profile (including product modality, category and mechanism of action); stage of development or life cycle status; actual and projected development, regulatory approval, manufacturing and commercialization costs and budgets; any issues regarding the ability to manufacture or have manufactured the compound or product; anticipated or approved labeling; the competitiveness of alternative products in the marketplace; the patent and other proprietary position of the product; the likelihood of Marketing Authorization given the Regulatory Authority involved (including satisfactory reimbursement or pricing approvals); the timing of any Marketing Authorization; present and future market potential; existing or projected pricing, sales, reimbursement and

profitability of the product including the amounts payable to licensors of patent or other intellectual property rights; alternative products; proprietary position, strength and duration of patent protection and anticipated exclusivity; and other relevant factors at the time such efforts are to be expended. Commercially Reasonable Efforts shall be determined on a market-by-market basis for a particular Product, and it is anticipated that the level of effort will be different for different markets, and will change over time, reflecting changes in the status of the Product and the market(s) involved. To the extent that the performance of a Party's obligations hereunder is adversely affected by the other Party's failure to perform its obligations hereunder, the impact of such performance failure will be taken into account in determining whether such Party has used its Commercially Reasonable Efforts to perform any such affected obligations.

1.30 **"Confidential Information" shall mean any and all information and data, including all Licensed IP, all Bayer Technology and other Bayer Know-How, all Collaboration Compound IP, and all other scientific, pre-clinical, clinical, regulatory, manufacturing, marketing, financial and commercial information or data, whether communicated in writing or orally or by any other method, which is provided by one Party to the other Party in connection with this Agreement.**

1.31 **"Connector" shall have the meaning set forth in** the definition of PROTAC**.**

1.32 **"Control"**, **"Controls"** or **"Controlled by"** shall mean, with respect to any item of or right under any relevant Technology or Patent Right, the possession by a Party (including its Affiliates) of the right (from a source other than the other Party hereto) to grant to the other Party access, ownership, a license and/or a sublicense as provided herein without violating the terms of any agreement or other arrangement with any Third Party as of the time such Party would first be required hereunder to grant the other Party such access, ownership, license or sublicense.

1.33 **"Covers"** or **"Covering"** shall mean, with respect to a claim within a Patent Right, that, but for a license granted to a Party under the relevant claim included in such Patent Right, the manufacture, use or sale of any subject matter by such Party would infringe such claim or, in the case of a Patent Right that is a patent application, would infringe such claim in such patent application if it were to issue as a patent in its then-current form.

1.34 **"[**]"** shall mean the formal decision of Bayer's [**] - or such other Bayer internal body competent and responsible for such formal decision in the future - that a compound fulfills all Milestone Criteria for the "Start of Lead Optimization: [**]", as set out in Exhibit B.

1.35 **"Deliverables"** shall mean the deliverables to be provided to Bayer under the Research Plan for the relevant Collaboration Target, as expressly described in the relevant Research Plan or as otherwise agreed by the Parties in writing.

1.36 **"Develop"** or **"Developing"** shall mean to discover, research, modify or otherwise develop a process, compound or product, including conducting non-clinical and clinical research and development activities. When used as a noun, "Development" means any and all activities involved in Developing.

1.37 **"EU Approval"** shall mean Marketing Authorization in at least [**] of the Major EU Market Countries.

1.38 **"Excluded Information"** shall mean information relating to any of the following items to the extent not in the public domain that is not expressly referenced in a Research Plan as Confidential Information to be exchanged hereunder (in which event the permitted exchange is applicable only to the relevant Research Plan): (A) chemical structures or molecular compositions of any Collaboration Compounds or other PROTACs, or any data from which the chemical structure or molecular composition of any such Collaboration Compound or other PROTAC may be readily determined or elucidated; and (B) any other information that Bayer, on or after the Effective Date, expressly indicates to Arvinas' Alliance Manager or to an Arvinas JSC representative in writing, prior to any such information's disclosure to Bayer or any of its Affiliates, that Bayer does not want disclosed to them. Notwithstanding the foregoing, any Confidential Information that Arvinas is obligated to disclose to Bayer pursuant to any provision of this Agreement, including Article 7, and that Arvinas, subject to compliance with Section 2.5, discloses in good faith, to the relevant individual(s) designated by Bayer in writing, if any, in accordance with such obligations shall not be Excluded Information under this Agreement.

1.39 **"Excluded Target"** shall mean the targets (i) that are listed on Schedule 1.39 attached hereto, (ii) that are subject to Third Party rights under any agreement entered into by Arvinas or its Affiliate that is still in effect, (iii) that are identified in a term sheet or letter of interest from a Third Party that has been agreed to in writing by Arvinas or its Affiliate and not terminated as of the relevant time, or (iv) for which Arvinas has initiated any bona fide chemistry efforts at the lab bench on behalf of itself, its Affiliates or Third Parties, in each case before Arvinas' receipt of notice from Bayer requesting such target as a Reserved Target or if the respective target is not a Reserved Target before Arvinas' receipt of notice from Bayer requesting such target as a Collaboration Target, as shown by competent proof.

1.40 **"FDA"** shall mean the United States Food and Drug Administration and any successor Regulatory Authority having substantially the same function.

1.41 **"Field"** shall mean any and all purposes relating to the treatment or prevention of any human disease in which the relevant Collaboration Compound or Product mediates degradation of the relevant specified Collaboration Target.

1.42 **"First Commercial Sale"** shall mean, with respect to any Product and with respect to any country, the first sale for end use or consumption of such Product in a country after such Product has been granted Marketing Authorization by the appropriate Regulatory Authority for such country, excluding, however, any sale or other distribution for use in a Clinical Trial.

1.43 **"Full Time Equivalent"** or **"FTE"** shall mean the equivalent of a full-time scientist's work time over a twelve-month period (allowing reasonable and customary time for normal vacations, sick days, holidays, conference attendance, corporate meetings, etc.). The portion of an FTE year devoted by a scientist to the Research Program shall be determined by dividing the number of hours during any twelve-month period devoted by such employee to the Research Program by [**] which shall be deemed the total number of working hours during such twelve-month period, provided that no additional payment shall be required with respect to any person who works more than [**] hours per year unless otherwise authorized by the JSC.

1.44 **"FTE Rate"** shall mean (i) with respect to employees of Arvinas, an amount equal to [**] US dollars (US$[**]) for one (1) full FTE devoted to the performance of the Research Program and (ii) with respect to chemistry subcontractors engaged by Arvinas in accordance with Section 2.3.4, an amount equal to [**] US dollars (US$[**]) for one (1) full FTE devoted to the performance of the Research Program, each of which represents the fully burdened rate for each such FTE and

includes related salary, benefits, administration, facilities costs, overhead and any other costs associated with such FTE, provided that such FTE Rates shall be adjusted for inflation or deflation on [**] basis, with the first adjustment effective on the [**] of the Effective Date, to reflect any increase or decrease, since the prior adjustment (or the initial rate, as applicable), in the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners covering the Connecticut region, based on the most recent monthly index available as of the adjustment date.

1.45 **"Generic Research Plan"** shall have the meaning set forth in Section 2.1.

1.46 **"Generic Version"** shall mean, with respect to a Product sold by a Bayer Party in a particular country in the Territory, any product that (a) is approved for sale in such country in reliance on the prior approval of such Product as determined by the applicable Regulatory Authority; and (b) is sold by a Third Party that is not a Bayer Party authorized to market and sell such product and that has not otherwise been authorized, directly or indirectly, by Bayer (or any of its Affiliates or Sublicensees) to market and sell such product.

1.47 **"Initiates"**, **"Initiated"** or **"Initiation"** shall mean, with respect to a Clinical Trial, the administration of the first dose to a human subject or patient in such Clinical Trial.

1.48 **"Joint Collaboration IP"** shall mean all Collaboration IP developed or invented jointly by employee(s) of Arvinas or its Affiliates or a Third Party acting on behalf of Arvinas or its Affiliates, on the one hand, and Bayer or its Affiliates or a Third Party acting on behalf of Bayer or its Affiliates, on the other hand, but in all cases excluding any Collaboration IP that is PROTAC Improvement IP or Collaboration Compound IP.

1.49 **"Joint Patent Rights"** shall mean Patent Rights which are filed in accordance with this Agreement to claim inventions within Joint Collaboration IP.

1.50 **"Joint Steering Committee"** or **"JSC"** shall mean the joint steering committee established to facilitate the Research Program as more fully described in Section 2.4.

1.51 **"Law(s)"** shall mean all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision, agency or other body, domestic or foreign.

1.52 **"Lead Compound Criteria ([**])"** shall mean the criteria for a [**] Decision, as listed in Exhibit B.

1.53 **"License"** shall have the meaning set forth in Section 3.1.1.

1.54 **"Licensed IP"** shall mean all PROTAC Background IP, PROTAC Improvement IP, Arvinas Collaboration IP and Arvinas' rights in Joint Collaboration IP.

1.55 **"Ligand"** shall have the meaning set forth in the definition of PROTAC.

1.56 **"Major EU Market Countries"** shall mean [**].

1.57 **"Manufacture"** or **"Manufacturing"** shall mean to make, produce, manufacture, process, fill, finish, package, label, perform quality assurance testing, release, ship or store a compound or product or any component thereof. When used as a noun, "Manufacture" or "Manufacturing" shall mean any and all activities involved in Manufacturing a compound or product or any component thereof.

1.58 **"Marketing Authorization"** shall mean all approvals from the relevant Regulatory Authority necessary to market and sell a Product in any country (including all applicable pricing and governmental reimbursement approvals required to sell Product in the relevant country).

1.59 **"Net Sales"** shall mean the gross amounts, with respect to any Product sold by a Bayer Party to any person or entity who is not a Bayer Party, reported in Bayer's audited reporting system used to report and publish such Net Sales in Bayer's official financial statements and invoiced by such Bayer Party for the sale of the Product (or Combination Product) to the Third Parties less customary and reasonable deductions like: value-added tax or customs; allowances or credits; quantity, early payment, cash settlement and other trade discounts; rebates, chargebacks or premiums; rebates, fees, discounts or other charges paid as required by government or public healthcare legislation, as reasonably allocated to the Product; cost of customer programs and a [**] percent ([**]%) lump sum of the gross amount invoiced to cover transportation, freight, insurance, distribution, shipping, packaging and handling costs, as well as a [**] percent ([**]%) lump sum of the gross amount invoiced to cover bad debt charges.

For the purpose of calculating Net Sales, the Parties recognize that customers may include persons in the chain of commerce who enter into agreements with a Bayer Party as to price even though title to the Product does not pass directly from the Bayer Party to such customers and even though payment for such Product is not made by such customers directly to a Bayer Party; and in such cases, chargebacks paid by a Bayer Party to or through any such Third Party (such as a wholesaler) can be deducted by the Bayer Party from gross revenue in order to calculate Net Sales.

In the event that a Product is sold in the form of a Combination Product, Net Sales for such Combination Product will be adjusted by multiplying actual Net Sales of such Combination Product by the fraction A/(A+B) where A is the gross per unit invoice price of the Product(s) if sold separately and B is the gross per unit invoice price of any other active ingredient(s) in the Combination Product, if sold separately. If, on a country-by-country basis, the other active ingredient(s) in the Combination Product are not sold separately in that country, Net Sales shall be calculated by multiplying actual Net Sales of such Combination Product by the fraction A/C where A is the gross per unit invoiced price of the Product(s) if sold separately and C is the gross per unit invoiced price of the Combination Product. In each case, the gross per unit invoice price shall be those applicable in the relevant country during the relevant Calendar Quarter or, if sales of both, the Product and the other product(s), did not occur in such Calendar Quarter, then in the most recent Calendar Quarter in which sales of both occurred. If, on a country-by-country basis, Net Sales of the Product(s) when included in a Combination Product cannot be determined using the methods above, then the value of the active ingredient(s) for the purpose of determining Net Sales shall be determined between the Parties in good faith.

1.60 **"Party"** shall mean Arvinas or Bayer, individually, and "Parties" shall mean Arvinas and Bayer, collectively.

1.61 **"Patent Rights"** shall mean any and all patents and pending patent applications in the Territory (which for the purpose of this Agreement shall be deemed to include certificates of invention and applications for certificates of invention), including divisionals, continuations, continuations-in-part, patents-of-addition, reissues, renewals, substitutions, registrations, re-examinations, revalidations, extensions, restorations by existing or future extension or restoration mechanisms, including patent term extensions, supplementary protection certificates or the equivalent thereof, pediatric exclusivity periods and the like of any such patents and patent applications, any other form of government-issued right substantially similar to any of the foregoing and foreign equivalents of the foregoing.

1.62 **"[**]"** shall mean the formal decision of Bayer's [**] - or such other Bayer internal body competent and responsible for such formal decision in the future - that a compound fulfills all Milestone Criteria for the "Start of the Preclinical Development: [**]", as set out in Exhibit B, and such compound is nominated for further development as a preclinical candidate.

1.63 **"Person"** shall mean any individual, sole proprietorship, firm, corporation, partnership, limited partnership, limited liability company, trust, business trust, joint stock company, joint venture company, governmental authority, association or other entity.

1.64 **"Phase I Clinical Trial"** shall mean a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(a), as amended (or its successor regulation).

1.65 **"Phase II Clinical Trial"** shall mean a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(b), as amended (or its successor regulation).

1.66 **"Phase III Clinical Trial"** shall mean a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(c), as amended (or its successor regulation).

1.67 **"Preclinical Candidate"** shall mean a Collaboration Compound for which a [**] has been made.

1.68 **"Product"** shall mean any pharmaceutical preparation for humans, in any final form, presentation, formulation or dosage form, containing a Collaboration Compound (i) for sale by prescription, over-the-counter or any other method, or (ii) for administration to human subjects or patients in a clinical trial, in each case (i) and (ii) for any and all uses in the Field.

1.69 **"Prosecution and Maintenance"** or **"Prosecute and Maintain"** shall mean, with regard to a Patent Right, the preparation, filing, prosecution and maintenance of such Patent Right, as well as re-examinations, reissues, appeals, oppositions and interferences with respect to such Patent Right. For clarification, "Prosecution and Maintenance" or "Prosecute and Maintain" shall not include any enforcement actions taken with respect to a Patent Right or requests for patent certification or patent term extension.

1.70 **"PROTAC"** shall mean a molecule designed to degrade target proteins, which molecules consist of (a) a ligand that binds to a selected target ("**Targeting Compound**"), (b) a ligand that binds to an E3 ligase ("**Ligand**") and (c) a connector that attaches ligands (a) and (b) ("**Connector**").

1.71 **"PROTAC Background IP"** shall mean Technology Controlled by Arvinas (i) as of the Effective Date or (ii) during the term of this Agreement (solely to the extent arising or acquired other than in the course of performance of the Research Program), in each case (i) and (ii) relating to the identification, development or manufacture of PROTACs.

1.72 "**PROTAC Improvement IP**" shall mean any Collaboration IP or other Technology made or developed, solely or jointly, by Arvinas, its Affiliates or representatives in the course of performance of the Research Program, or by Bayer, its Affiliates or representatives in the course of performance of the Research Program or in the course of the research or Development of one or more Collaboration Compounds or Products in the Territory in accordance with the licenses granted under this Agreement, in each case which constitutes an improvement to or enhancement or modification of PROTAC Background IP. However, PROTAC Improvement IP shall not include any Bayer Compound or any Collaboration Compound IP.

1.73 **"Regulatory Authority"** shall mean any applicable government regulatory authority involved in granting approvals for the Manufacturing or Commercialization of a Product in the Territory, including the FDA.

1.74 **"Related Party"** shall mean a Bayer Affiliate or other Sublicensee, as applicable.

1.75 **"Research Plan"** shall mean a plan for performance by the Parties of research activities under Article 2 of this Agreement with respect to a given Collaboration Target, as further described in Section 2.1 and as amended from time to time in accordance with the terms of this Agreement. Each Research Plan shall include a Budget by Research Program Year for the related activities to be performed by Arvinas, which Budget shall be consistent with the applicable provisions of Section 2.3.

1.76 **"Research Program"** shall mean the research activities to be undertaken by the Parties as further set forth in Section 2.1 and the Research Plans.

1.77 **"Research Program Year"** shall mean a twelve (12) month period commencing on July 1, 2019 or an anniversary thereof.

1.78 **"Research Term"** shall mean the duration of the Research Program, as further provided in Section 2.3.1.

1.79 **"Reserved Target"** shall have the meaning set forth in Section 2.2.2.

1.80 **"Residual Information"** means ideas, concepts, know-how, and techniques in non-tangible form retained in the unaided memory of persons who have had access to Confidential Information of Arvinas. A person's memory is only unaided if the person has not intentionally memorized the Confidential Information for the purpose of retaining and subsequently using or disclosing the relevant Confidential Information, and did not involve reference to tangible materials in order to assist in the recall of such Confidential Information.

1.81 **"Royalty Period"** shall have the meaning set forth in Section 5.4.1(c).

1.82 **"Sole Bayer PROTAC Improvement IP"** shall have the meaning set forth in Section 7.1.4(b).

1.83 **"Sublicensee"** shall mean any Bayer Affiliate or Third Party, in each case to which Bayer has sublicensed any rights with respect to Collaboration Compounds or Products granted to Bayer under this Agreement.

1.84 **"Targeting Compound"** is defined in the definition of PROTAC and, for clarity, shall not include any Connector or Ligand also defined therein.

1.85 **"Target Exclusivity"** shall mean the exclusive rights with respect to Collaboration Targets and Reserved Targets granted to Bayer by Arvinas pursuant to Section 2.8.

1.86 **"Technology"** shall mean any intellectual property or other information and materials, including discoveries, improvements, processes, methods, protocols, specifications, formulas, data, inventions, know-how and trade secrets, patentable or otherwise, including Patent Rights to the extent claiming the relevant inventions or discoveries.

1.87 **"Territory"** shall mean all of the countries in the world, and their territories and possessions.

1.88 **"Third Party"** shall mean an entity other than Arvinas and its Affiliates and Bayer and its Affiliates.

1.89 **"United States"** shall mean the United States of America, its territories and possessions.

1.90 **"Valid Patent Claim"** shall mean, with respect to a particular country, (i) a claim of an issued, unexpired and in-force Patent Right included within the Collaboration IP, Collaboration Compound IP or other Licensed IP which claims or Covers any relevant Collaboration Compound, which has not been revoked or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction (which decision is not appealable or has not been appealed within the time allowed for appeal), and which claim has not been cancelled, withdrawn, abandoned, disclaimed, denied or admitted to be invalid or unenforceable through reissue, re-examination or disclaimer or otherwise, or (ii) is a claim of a pending application that has been pending for less than [**] from its first office action, which claims or Covers any relevant Collaboration Compound, which application is being prosecuted in good faith and has not been cancelled, abandoned, withdrawn or finally rejected or expired without the possibility of revival, reinstatement, appeal or refiling.

1.91 **"Yale Agreement"** shall mean the License Agreement between Yale University and Arvinas dated as of July 5, 2013, as amended, which agreement governs Arvinas' rights to certain PROTAC Background IP and certain Arvinas Patent Rights.

1.92 **"Yale Letter Agreement"** shall mean that letter agreement between Yale University and Arvinas, dated on or about the date hereof, and attached hereto as Exhibit C.

1.93 **"Yale Licensed Patents"** shall mean those Arvinas Patent Rights identified as Yale Licensed Patents on Schedule 1.8, as such schedule may be updated from time to time, and all Patent Rights arising therefrom.

ARTICLE 2 RESEARCH PROGRAM

2.1 **General.** Arvinas and Bayer shall conduct the Research Program (as defined below) upon the terms and conditions set forth in this Agreement. The Parties shall perform activities in accordance with, and within the general timelines of, an agreed upon Research Plan (including Budget) for each Collaboration Target, which plan shall cover, subject to sufficient funding and/or research support being provided by Bayer, all research activities directed to such Collaboration Target until a relevant Collaboration Compound is identified that satisfies the Lead Compound Criteria [**], unless such activities with respect to the relevant Collaboration Target are otherwise

halted or terminated in accordance with this Agreement (such activities in their entirety with respect to all Collaboration Targets, collectively, the **"Research Program"**). The generic Research Plan (including Budget) attached hereto as Exhibit A shall be used as the basis for the Research Plan for each Collaboration Target (**"Generic Research Plan"**), which Research Plan shall be prepared and mutually agreed to by the Parties promptly following acceptance of the relevant Collaboration Target in accordance with Section 2.2. Under each Research Plan, the Parties will seek to identify orally bioavailable PROTACs to a given Collaboration Target that satisfy the Lead Compound Criteria [**], with more specific criteria to be agreed in the Research Plan for each Collaboration Target. The Research Plans may be amended from time to time by written agreement of the Parties, or otherwise by the JSC, as attached to minutes of the applicable JSC meeting approved in writing by both Parties.

2.2 Collaboration Targets; Reserved Targets.

2.2.1 Bayer shall have the right, but not the obligation, to nominate, by written notice to Arvinas, up to [**] targets as Collaboration Targets to be investigated under the Research Program during the Research Term. Bayer shall nominate [**] Collaboration Targets for work under the Research Program within [**] of the Effective Date and [**] more on or before the [**] anniversary of the Effective Date, provided that Research Program efforts with respect to such additional Collaboration Targets shall not commence until the [**] anniversary of the Effective Date unless otherwise agreed in writing by the Parties. If the nominated target is a Reserved Target, it shall be deemed accepted by Arvinas as of the date of notice of nomination. If any target that is not a Reserved Target is nominated by Bayer, Arvinas shall notify Bayer in writing within [**] after Arvinas' receipt of Bayer's notice of nomination if the nominated Collaboration Target is an Excluded Target, in which event Bayer shall be permitted to nominate an alternate target as a Collaboration Target (including, for clarity, a Reserved Target). If any nominated target that is not a Reserved Target is not an Excluded Target, Arvinas shall so notify Bayer in writing within [**] after Arvinas' receipt of Bayer's notice of nomination, and such nominated Collaboration Target shall be deemed accepted by Arvinas at such time, subject to Bayer's compliance with the requirements of Section 2.2.2 regarding a Reserved Target to be removed from this Agreement. For clarity, in the event that all [**] Collaboration Targets are not nominated on or before the [**] anniversary of the Effective Date, Arvinas shall only be required to perform the Research Program with respect to such number of Collaboration Targets as have been nominated at such time, and Section 2.2.3 shall be of no further force or effect.

2.2.2 Bayer shall have the right to maintain a list of [**] reserved targets (the **"Reserved Targets"**), which shall be set forth in Schedule 2.2.2 attached hereto. In the event that a Reserved Target is nominated as a Collaboration Target in accordance with Section 2.2.1, such Reserved Target shall be deleted from the list and shall no longer be deemed a Reserved Target hereunder. If any target that is not a Reserved Target is nominated as a Collaboration Target in accordance with Section 2.2.1, Bayer shall designate a Reserved Target to be removed from the list, and such target shall no longer be a Reserved Target once the nominated target is accepted in accordance with Section 2.2.1. In either case the number of permitted Reserved Targets shall be reduced by one upon each acceptance of a Collaboration Target pursuant to Section 2.2.1. For clarity, the Reserved Target list shall have no further effect once [**] Collaboration Targets have been nominated for work under the Research Program in accordance with Section 2.2.1 or after the [**] anniversary of the Effective Date if [**] Collaboration Targets have not been nominated by Bayer as of such time. Bayer may update the list of Reserved Targets at any time by specifying a target to be removed and nominating a new target for inclusion, provided that any new target that

Bayer desires to include as Reserved Target must not be an Excluded Target at the time of nomination as a Reserved Target and such nomination must be consistent with the requirements of Section 2.2.4. Arvinas shall notify Bayer in writing within [**] after Arvinas' receipt of Bayer's notice of a request for replacement if the proposed new Reserved Target is an Excluded Target, in which event the Reserved Target that was to be replaced shall remain a Reserved Target until otherwise removed in accordance with this Section 2.2.2.

2.2.3 Bayer shall have the right between the [**] and [**] anniversary of the Effective Date to request the inclusion of a [**] Collaboration Target under this Agreement on the same general terms as provided for the original [**] Collaboration Targets, subject to mutual written agreement of the Parties, such agreement to not be unreasonably withheld or delayed. In connection with any such request, Bayer shall have the right to nominate and reserve a [**] Collaboration Target (subject to the acceptance criteria set forth in Section 2.2.1), provided that work on such target shall commence within [**] following reservation of such target, and if such work does not commence at such time through no fault of Arvinas, such reservation shall thereafter be of no further force or effect unless otherwise agreed by Arvinas in writing. For the avoidance of doubt, to the extent applicable, payments for the [**] Collaboration Target shall not exceed the pro rata share of the agreed payments for the first [**] Collaboration Targets, including, for clarity, an upfront fee of [**] the amount due pursuant to Section 5.1.

2.2.4 The Parties agree that no more than one Collaboration Target will be [**] target, provided that any permitted replacement target, as described above, may be [**] target. The Parties shall agree in good faith on whether or not a target is [**] target. The Parties also agree, that targets primarily related to [**], for example, targets expressed in [**], targets present in [**], and targets associated with [**], are not regarded as [**] targets.

2.2.5 If, as of the completion of activities under the Pre-Exploratory Stage (as defined in the Generic Research Plan) for a given Collaboration Target, Arvinas has been unable to identify any Collaboration Compounds directed to such Collaboration Target that meet the relevant criteria specified in the relevant Research Plan, as determined and agreed by the JSC, Bayer shall have the right, [**] for each of the original Collaboration Targets, to nominate a new target as a replacement for that Collaboration Target, which nomination shall be made within [**] of such JSC determination by written notice to Arvinas (a **"Target Replacement Notice"**). Arvinas shall notify Bayer in writing within [**] after delivery of the Target Replacement Notice if the proposed replacement Collaboration Target is an Excluded Target, in which event Bayer shall without undue delay nominate an alternate replacement Collaboration Target. If the proposed replacement is not an Excluded Target, Arvinas shall so notify Bayer in writing within [**] after delivery of the Target Replacement Notice, and such proposed replacement Collaboration Target shall be deemed accepted by Arvinas at such time. Provided that the proposed replacement Collaboration Target is accepted as provided above, such replacement Collaboration Target shall become a Collaboration Target for all purposes under this Agreement and the replaced initial Collaboration Target shall cease to be a Collaboration Target for all purposes under this Agreement, and the relevant License under Section 3.1.1 shall terminate. The Parties shall agree on the Research Plan for such replacement Collaboration Target in accordance with Section 2.1 promptly following issuance of the relevant Target Replacement Notice.

2.3 **Conduct of Research Program; Funding; Research Term.** During the Research Term, Arvinas and Bayer shall each use Commercially Reasonable Efforts to complete their respective activities, and in accordance with any relevant timelines, as set out in the Research Plans, and shall use personnel with sufficient skills and experience as are required to accomplish the Research Program in accordance with the terms of this Agreement and each Research Plan.

2.3.1 The Research Program will be conducted during the period from the Effective Date of the Collaboration Agreement until the completion or termination of all research activities to be performed under the relevant Research Plans (**"Research Term"**), provided that the Research Plan with respect to a given Collaboration Target will aim at identifying a Collaboration Compound that satisfies the Lead Compound Criteria [**] within a period of [**] unless otherwise agreed by the Parties. The JSC shall have the responsibility for determining whether the Research Program with respect to a given Collaboration Target has been completed, provided that, in the absence of any such determination and unless otherwise agreed by the Parties in writing, for each Collaboration Target for which activities have been commenced under the Research Program, if no research funding is allocated in accordance with this Section 2.3 to such Collaboration Target for any Research Program Year after relevant Research Program activities have commenced, the Research Program with respect to the relevant Collaboration Target shall be deemed completed as of the end of the last Research Program Year for which funding was allocated. Notwithstanding any other provision, the Research Term shall not exceed [**], and the Research Program shall terminate at such time with respect to all Collaboration Targets, unless otherwise agreed by the Parties in writing, such agreement to not be unreasonably withheld.

2.3.2 In consideration for the conduct of the Research Program, Bayer shall pay to Arvinas research funding payments totaling US$3,000,000 (in words: three million US dollars) per year in each of the first four (4) Research Program Years following the Effective Date, plus any additional amounts agreed by the Parties in writing. Payment shall be made to Arvinas as provided in Section 5.2. This consideration shall cover all costs at Arvinas for its work under the Research Program for the ongoing Research Plans, including, without limitation, any administration costs at Arvinas, all employee-related compensation, travel costs and all resources and consumables used for activities under the Research Program to be performed by Arvinas, which shall be incurred in accordance with the applicable Research Plan (including Budget) and this Agreement. Subject to the funding limits set forth above, for each Collaboration Target for which work is to be conducted under the Research Program, as part of the relevant Research Plan, the Parties shall agree on the Budget for the various research activities under such Research Plan, based on the applicable FTE Rates. [**]. For clarity, the Parties may agree in writing to conduct additional activities as part of the Research Program beyond those specified in the initial Research Plans (e.g., development of Collaboration Compounds meeting Preclinical Candidate criteria), but any such activities shall require additional funding and mutual written agreement on modifications to the relevant Research Plan and Budget.

2.3.3 If costs borne by Arvinas for its research activities under the ongoing Research Plans exceed the research funding amount specified in Section 2.3.2 for a given Research Program Year (**"Cap"**) before completion of all relevant Research Program activities for the respective Research Program Year, including as a result of any permitted replacement of a Collaboration Target in accordance with Section 2.2.5, and Arvinas has complied with its reporting obligations under Sections 2.3.6 and 2.3.7, Arvinas shall not be obligated to carry out further Research Program activities under this Agreement for the given Research

Program Year unless Bayer has agreed in writing to fund such additional activities, including any additional FTEs required to carry out such additional work. For clarity, in the event that funds are exhausted during a Research Program Year as described above, funding for continued activities may be provided under the funding for the subsequent Research Program Year (in which event activities will not be resumed until the start of such subsequent Research Program Year), or through the provision of additional funding for the current Research Program Year, as mutually agreed by the Parties in writing, in each case subject to corresponding mutually agreed adjustments of the ongoing Research Plan(s). If such Cap is, after completion of the research activities for the respective Research Program Year, not reached, then Arvinas shall credit the remainder against the funding amount for Research Program activities to be conducted in the following Research Program Year, if any.

2.3.4 Bayer shall be entitled to utilize the services of its Affiliates or Third Parties to perform its Research Program activities. Arvinas shall be entitled to utilize the services of Affiliates or Third Parties to perform its Research Program activities only upon Bayer's prior written consent or as specifically set forth in the relevant Research Plan; provided that, as of the Effective Date, Bayer has consented to Arvinas subcontracting with [**] to conduct services with respect to the Research Program by and on behalf of Arvinas. Notwithstanding any of the foregoing, (a) any such subcontracted activities shall be subject to the relevant terms and conditions of this Agreement; (b) each Party shall enter into agreements with its Third Party subcontractors that contain confidentiality terms no less stringent than those set forth in Article 4 hereof and shall ensure that it obtains all rights to the subcontracted works that are necessary to comply with the intellectual property and licensing provisions of this Agreement; and (c) each Party shall remain at all times fully liable for its respective responsibilities under the Research Program and its obligations under this Agreement.

2.3.5 Except as otherwise expressly provided in this Agreement, each Party shall be responsible for all costs and expenses it incurs relating to such aspects of the Research Program as are to be provided or performed by that Party according to each Research Plan, as amended in accordance with this Agreement.

2.3.6 Within [**] after the end of each Calendar Quarter (or portion thereof) that occurs during the Research Term, including the Calendar Quarter in which it begins or ends as applicable, Arvinas shall provide Bayer with a reasonably detailed report concerning the FTE costs actually incurred during such Calendar Quarter for the Research Program, identified by Collaboration Target, and of reimbursable expenses incurred in accordance with the relevant Research Plan and Budget (**"Actual Costs"**). Such reporting may be provided more frequently as mutually agreed by the Parties. [**]. Bayer shall have the right to review and audit the Research Program FTE Records [**], following written notice to Arvinas and at mutually agreeable times, provided that more frequent audits may be conducted by Bayer at mutually agreeable times in the event of cause (e.g., material discrepancies).

2.3.7 In the event of any unanticipated issue that may, in Arvinas' reasonable opinion, result in research costs exceeding the Cap in a given Research Program Year, Arvinas shall promptly notify the JSC about such issue and the anticipated increased costs and the Parties shall convene a meeting of the JSC to discuss a solution to the matter as soon as reasonably practicable.

2.4 Governance.

2.4.1 General. Bayer and Arvinas shall form a joint steering committee (the **"Joint Steering Committee"** or **"JSC"**) to oversee the conduct of the Research Program. The JSC shall be responsible for oversight of the Research Program, and for reviewing and approving recommendations, plans, allocation of resources and other activities in support of the Research Program, and implementing the Research Plan(s), with the objective of expeditiously identifying Collaboration Compounds for each Collaboration Target meeting the desired criteria. The JSC shall be responsible for the monitoring, reviewing and reporting on the progress of the Research Program.

2.4.2 Composition of the JSC. The JSC shall be comprised of [**] representatives of Bayer and [**] representatives of Arvinas. Each Party may change its representatives to the JSC from time to time in its sole discretion, effective upon notice to the other Party of such change. These representatives shall have appropriate technical credentials, experience and knowledge, and ongoing familiarity with the Research Program. Additional representative(s) or consultant(s) may from time to time, by mutual consent of the Parties, be invited to attend JSC meetings, subject to such representative's or consultant's written agreement to comply with the requirements of Article 4 and consistent with Section 7.1.6. The JSC shall be chaired by a representative of Bayer. Each Party shall bear its own expenses related to attendance at such meetings by its representatives. Following the end of the Research Term, the JSC shall have a final meeting to review the results of the Research Program and then shall be disbanded. As needed, the JSC shall establish subcommittees and other working groups that shall report to the JSC, having equivalent functional counterparts from each Party, to further the objectives of the Research Program.

2.4.3 Decision Making. Decisions of the JSC shall be made unanimously by the Parties with each Party having one vote. In the event that the JSC cannot or does not, after good faith efforts, reach agreement on an issue related to the Research Program (excluding issues for which the JSC expressly does not have decision-making authority), the resolution or course of conduct shall be determined by Bayer following referral to the senior executives of the Parties as provided in Section 10.7. In exercising its final decision-making authority with respect to JSC decisions as described above, Bayer shall act in accordance with the objectives of the Research Program and the terms of this Agreement, and in good faith. Notwithstanding the foregoing, Bayer's decision-making authority under this Section 2.4.3 does not give Bayer the right to modify a Research Plan in any way that would require Arvinas to commit additional resources (e.g., employees, materials, reagents) to the project without Arvinas' consent, that would be inconsistent with the scope of the relevant existing, mutually agreed Research Plan, cause Arvinas to violate the terms of any agreement with a Third Party, or cause Arvinas to violate any applicable Law or any intellectual property right of any Third Party. However, Arvinas shall not unreasonably withhold or delay its consent to requests by Bayer to shift resources between the Research Plans in order to reprioritize the activities, as long as the overall budget is not exceeded. For clarity, the JSC shall have no right to amend this Agreement.

2.4.4 Meetings. During the Research Term, the JSC shall meet in accordance with a schedule established by mutual written agreement of the Parties, but no less frequently than [**] times per Calendar Year**,** with the location for such meetings alternating between Arvinas and Bayer facilities (or such other location(s) as may be determined by the JSC). Alternatively, the JSC may meet by means of teleconference, videoconference or other similar communications equipment. The JSC shall confer regarding the status of the Research Program, review relevant data, consider and advise on any technical issues that arise, consider issues of priority, and review and advise on any budgetary and economic matters relating to the Research Program which may be referred to the JSC.

2.4.5 Alliance Managers. In addition to the JSC, each Party shall appoint, at its own cost and expense, an alliance manager (each, an **"Alliance Manager"**) with responsibility for assisting the Joint Steering Committee to achieve the alliance's strategic and research objectives by, as further defined by the JSC, planning and managing the operational aspects of the alliance, ensuring alliance effectiveness and appropriate communications, coordinating activities, anticipating issues, and facilitating conflict resolution.

2.4.6 Project Managers. In addition to the foregoing, each Party shall nominate a project leader for each Research Plan who shall be responsible for the day-to-day dealings under the respective Research Plan and shall be the first contact person for the other Party for operational and scientific matters with regard to such activities (each a **"Project Leader"**). Each Project Leader shall:

(a) ensure that its Party's research activities are performed in accordance with the applicable Research Plan;

(b) inform the other Party's Project Leader on the progress of the project (including any expected or experienced difficulties, obstacles or delays) on a regular basis, however, at least bi-weekly, by means of teleconference, videoconference or other mutually agreed means;

(c) internally coordinate its project team;

(d) give progress reports to the JSC during the JSC meetings and propose to the JSC, as necessary, amendments to the applicable Research Plan; and

(e) with respect to Arvinas' Project Leader, ensure the timely submission and accurate preparation of the progress reports as set forth in Section 2.6.3 and - if applicable - the Research Plan.

2.5 Exchange of Information. Arvinas shall promptly disclose to Bayer, upon reasonable written request of Bayer, all Licensed IP and other Collaboration IP necessary for the performance of the Research Program by Bayer, or for the subsequent exercise of the License with respect to any Collaboration Target in accordance with Section 3.1. Bayer shall promptly disclose to Arvinas during the Research Term, upon reasonable written request of Arvinas or as directed by the JSC, all results of the Research Program generated by Bayer or its permitted subcontractors, and all Bayer Technology and other Bayer Know-How necessary for the performance of the Research Program by Arvinas. However, Arvinas shall only disclose to Bayer, as Arvinas Confidential Information, Technology specifically related to [**], and such information only to the extent that it is [**]. Arvinas shall only disclose to Bayer [**] if Bayer [**]. For clarity, the [**] shall be deemed Confidential Information of [**], provided that, for clarity, the [**] that is contained therein shall remain [**] Confidential Information. Arvinas shall use [**] to ensure that [**] shall not be disclosed by Arvinas to Bayer except as [**] and Arvinas shall ensure that [**] shall not be disclosed by Arvinas to Bayer. Notwithstanding the foregoing, Arvinas shall use [**] to provide information required for [**], including the [**], to the extent requested by Bayer and [**].

2.6 Records and Reports.

2.6.1 Records. Each Party shall maintain records, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall fully and properly reflect all work done and results achieved in the performance of the Research Program by such Party.

2.6.2 Copies and Inspection of Records. Bayer shall have the right, during normal business hours and upon reasonable notice, to inspect and copy all such records of Arvinas referred to in Section 2.6.1 as are reasonably appropriate for Bayer to review in connection with the performance of this Agreement or the exercise of any rights granted to Bayer hereunder. Upon reasonable request, Arvinas shall provide copies of such records to Bayer. Arvinas shall maintain such inspected records and the information disclosed therein in confidence in accordance with Article 4.

2.6.3 Reports. Within [**] following the end of each Calendar Quarter during the Research Term, Arvinas shall provide to Bayer a written progress report in English which shall summarize the work performed to date on the Research Program and evaluate the work performed in relation to the goals of the Research Program. Arvinas shall provide such other written reports as may be required by the Research Program or reasonably requested by Bayer relating to the progress of the goals or performance of the Research Program. Such reports shall be provided in accordance with any relevant requirements of Section 2.5.

2.7 **Materials Transfer.** In order to facilitate the Research Program, either Party may provide to the other Party certain materials for use by the other Party in furtherance of the Research Program. Neither Party may furnish any such materials to the other Party except as expressly provided in the applicable Research Plan or this Agreement without the prior written consent of the other Party. All such materials shall be considered the Confidential Information of the Party providing such material (provided that if they are a combination of the proprietary materials of both Parties, they shall be deemed the Confidential Information of both Parties) and shall be used by the receiving Party in accordance with the terms and conditions of this Agreement solely for purposes of exercising its rights and performing its obligations under this Agreement. All such materials must be used with prudence and appropriate caution in any experimental work, since all of their characteristics may not be known, and in compliance with all applicable Laws and any relevant Third Party contractual requirements that have been communicated in writing to the receiving Party. Such transfer shall not be deemed a transfer of any intellectual property rights with respect to such material. Any and all compounds, biological materials, reagents, assays and other materials that are provided by one Party to the other Party hereunder in furtherance of the Research Program activities and that are not consumed in the course of performance of such activities, shall all be returned to the providing Party promptly upon the completion of the Research Program, or, if the providing Party so instructs in writing, or if such material exists in the form of a combination of the proprietary materials of both Parties, all such materials shall be destroyed and the destruction of such materials shall be certified in writing, in accordance with written instructions to be provided by the providing Party upon completion of the Research Program; provided, however, that such obligation shall not apply to the extent rights to the relevant materials or information are obtained or retained by either Party pursuant to the express provisions of this Agreement. For clarity and without limitation, any Deliverables that are provided to Bayer for purposes of performing evaluation or testing during the Research Program shall be subject to this Section 2.7, and (i) unless and until Bayer has the right to practice the relevant License pursuant to Section 3.1.5, shall only be used by Bayer for performing the relevant agreed assays or other permitted activities and Bayer agrees not to analyze or reverse engineer any such material for the purpose of determining the structure thereof, and (ii) the results of any such activities conducted by or on behalf of Bayer using Deliverables shall be subject to the provisions of Article 7.

2.8 **Exclusive Efforts**. During the term of this Agreement, for each Reserved Target and for each Collaboration Target, and excluding the activities being conducted under the Research Program, Arvinas and its Affiliates will neither directly nor indirectly (including on behalf of a Third Party),

(i) conduct or agree to conduct any activities with respect to the design, identification, discovery or development of any small molecule pharmacologically-active agent whose primary mechanism of action is, by design, directed to inhibition or degradation of such Reserved Target or Collaboration Target, or (ii) grant any license or covenant not to sue or other right to any third party in the Field under the Licensed IP that is intended to enable such Third Party with respect to the conduct of any such activities, provided that, for clarity, retention by a Third Party (whether through a non-exclusive license or otherwise) of rights with respect to technology invented by such Third Party with respect to which rights are obtained by Arvinas in the relevant transaction (whether through assignment or license or other right to Arvinas) shall not be deemed to violate this subsection (ii). Notwithstanding the foregoing, in the event that a Person that becomes an Arvinas Affiliate through a Change of Control or through acquisition of "control" (as defined in the definition of Affiliate) by Arvinas (a **"Transaction"**), has a program underway, at the time that Arvinas first enters into the Transaction, with respect to the design, identification, discovery or development of any small molecule pharmacologically-active agent whose primary mechanism of action is, by design, directed to inhibition or degradation of any Reserved Target or Collaboration Target, such activity may continue following the effective date of the Transaction, provided that (i) such program is conducted by individuals who have (and have had) no involvement in Research Program activities directed to the relevant Collaboration Target and no direct knowledge of or access to the Bayer Know-How or Collaboration IP related to such Collaboration Target and/or related Collaboration Compounds, and (ii) such program does not utilize any Licensed IP.

2.9 **Compliance with Law and Ethical Business Practices.** Each Party shall conduct the activities of the Research Program and its other activities under this Agreement in accordance with all applicable Laws and good business ethics. Each Party shall notify the other Party in writing of any deviations from applicable Laws relevant to this Agreement of which any of its employees becomes aware. Each Party hereby certifies that it has not and shall not employ or otherwise use in any capacity the services of any person or entity debarred under Section 21 USC 335a in performing any activities hereunder. Each Party shall notify the other Party in writing immediately if any such debarment relevant to this Agreement occurs or comes to its attention, and shall promptly remove any person or entity so disbarred from performing any activity or function related to the Research Program. Bayer shall have the right, in its sole discretion, to terminate this Agreement immediately in the event of any such debarment, which termination shall be deemed a termination for cause.

2.10 **Use of Human Materials.** If any human cell lines, tissue, human clinical isolates or similar human-derived materials (**"Human Materials"**) have been or are to be collected or used in the Research Program by a Party or any Affiliate or Third Party acting on such Party's behalf, such Party represents and warrants (i) that it has complied, or shall comply, with all applicable Laws relating to the collection or use of the Human Materials and (ii) that it has obtained, or shall obtain, all necessary approvals and - if required - appropriate informed consents, in writing, for the collection or use of such Human Materials, including – if applicable – the transfer to the other Party. Each Party shall provide documentation of such approvals and/or consents to the other Party upon the other Party's reasonable request. Each Party further represents and warrants that any such Human Materials that are used in the Research Program may be used as contemplated in this Agreement without any obligations to the individuals or entities (**"Providers"**) who contributed the Human Materials, including any obligations of compensation to such Providers or any other Third Party for the intellectual property associated with, or commercial use of, the Human Materials for any purpose.

Notwithstanding anything to the contrary in Article 4, each Party shall hold in confidence all data that identifies, or could be used in a manner reasonably likely to identify, an individual (**"Personal Data"**), except as required or permitted under this Agreement, or to the extent necessary to be disclosed to regulatory agencies as part of the review process. In addition, notwithstanding anything to the contrary in Section 4.1, each Party shall comply with all applicable Laws with respect to the collection, use, storage, and disclosure of any Personal Data**,** including the U.S. Health Insurance Portability and Accountability Act (HIPAA) and the regulations promulgated thereunder as well as the EU General Data Protection Regulation. Each Party agrees to ensure that all appropriate technical and organizational measures are taken to protect Personal Data against loss, misuse, and any unauthorized, accidental, or unlawful access, disclosure, alteration, or destruction, including implementation and enforcement of administrative, technical, and physical security policies and procedures applicable to Personal Data and will not re-identify Personal Data.

2.11 **Animal Research.** Each Party shall comply with the Animal Welfare Act or any other applicable Laws relating to the care and use of laboratory animals in connection with its activities under this Agreement. Each Party is encouraged to use the highest standards, such as those set forth in the Guide for the Care and Use of Laboratory Animals (NRC, 1996), for the humane handling, care and treatment of such research animals. Arvinas hereby certifies that, prior to conducting any animal research at any facility in connection with the Research Program, it shall obtain accreditation from AAALAC and shall maintain such accreditation for so long as it conducts such research and Bayer hereby certifies that any animal research conducted at Bayer's facilities in connection with the Research Program shall be in accordance with all relevant local animal welfare regulations. Any animals which are used by or on behalf of either Party in the course of the Research Program, or products derived from those animals, such as eggs or milk, will not be used for food purposes, nor will these animals be used for commercial breeding purposes.

ARTICLE 3 LICENSES; DEVELOPMENT AND COMMERCIALIZATION

3.1 Licenses; Rights.

3.1.1 License.

(a) Arvinas hereby grants to Bayer, with respect to each Collaboration Target, a worldwide, exclusive license (even as to Arvinas) in the Territory in the Field under the Licensed IP, including related Arvinas Patent Rights and Joint Patent Rights, with the right to grant and authorize sublicenses to the extent expressly provided below, to discover, research, Develop, have Developed, make, have made, use, have used, import, have imported, export, have exported, offer to sell and sell, have offered for sale and sold Collaboration Compounds and Products directed to such Collaboration Target (each, a **"License"**). Under the License, Bayer shall have the aforementioned right to develop and commercialize Products, whether alone or as Combination Products, but no rights are granted by Arvinas hereunder, by implication or otherwise, with respect to any component of any such Combination Product that is not a Collaboration Compound directed to the relevant Collaboration Target. For clarity, no rights are granted to Bayer under the Licensed IP, and Bayer shall have no rights to use any Collaboration Compound IP, with respect to the use of any compound in connection with the inhibition or degradation of any target other than those Collaboration Targets with respect to which Bayer retains a License.

(b) At all times while Bayer enjoys the benefit of a sublicense under the Yale Licensed Patents by their inclusion in a License granted to Bayer under Section 3.1.1(a), Bayer acknowledges and agrees that such sublicense shall be subject to the reservation of rights set forth in Article 3.3 of the Yale Agreement. Bayer further acknowledges and agrees that, in the event the Yale Agreement is terminated and, notwithstanding such termination, Bayer retains such sublicense, Bayer shall comply with the obligations applicable to Bayer under the terms of Section 11 of the Yale Letter Agreement.

3.1.2 Bayer shall have the right to grant sublicenses under the licenses granted in this Section 3.1, subject to any express limitations provided above; provided that Bayer shall remain liable for the performance of its Sublicensees.

3.1.3 Arvinas shall retain such rights under the foregoing grant as are necessary to conduct the Research Program in accordance with the Research Plans and this Agreement.

3.1.4 Once a Collaboration Target is no longer included under this Agreement, whether pursuant to Section 2.2, termination of rights under Article 8 or otherwise, Bayer shall have no further rights under Section 3.1.1 with respect to relevant Collaboration Compounds or Products or to otherwise use, practice, Prosecute and Maintain or license any related Collaboration Compound IP or Collaboration Compound Patent Rights.

3.1.5 Notwithstanding the foregoing, on a Collaboration Target-by-Collaboration Target basis, Bayer shall not, and shall have no right, alone or through any Third Party, to exercise or sublicense the relevant License, other than in order to complete the activities to be performed by Bayer pursuant to the Research Program, unless and until the Research Program with respect to such Collaboration Target has been completed or terminated in accordance with the terms of this Agreement without termination of such License. Accordingly, notwithstanding the License granted above with respect to any Collaboration Target, until all Research Program activities are completed with respect to a given Collaboration Target, (a) the relevant Deliverables (and any Confidential Information contained or incorporated in such Deliverables to the extent such information does not fall within any exceptions under Section 4.2) shall remain the property and Confidential Information of Arvinas, and shall be used by Bayer and its Related Parties for the sole purpose of performing activities under the Research Program in accordance with the Research Plans and this Agreement, and (b) Bayer shall not sell, transfer or disclose any such Deliverables (and including any Confidential Information contained or incorporated in such Deliverables to the extent such information does not fall within any exceptions under Section 4.2) to any other Person other than a Person acting as a subcontractor permitted under Section 2.3.4, without the prior written consent of Arvinas, which consent shall not be unreasonably withheld, provided that this Section 3.1.5 shall not be deemed to limit Bayer's rights to Bayer Compounds as provided in Section 7.1.3.

3.1.6 In connection with Bayer's Development and Commercialization activities under the License, Bayer shall have the non-exclusive right to use the Arvinas trademark "PROTAC®", and any foreign equivalents thereof (the **"Arvinas Trademarks"**) in connection with scientific and corporate communications regarding Products and as otherwise mutually agreed in writing by the Parties. The rights granted in this Section 3.1.6 shall be subject to the following terms and conditions:

(a) Bayer shall use the Arvinas Trademarks only in the form authorized by Arvinas, and shall not use the Arvinas Trademarks as or as part of its corporate or business name or the name of any business entity which is controlled by it, whether an Affiliate or otherwise.

(b) Bayer shall have no right to sublicense to Affiliates or Third Parties any of the rights in the Arvinas Trademarks conveyed hereunder without the express written consent of Arvinas.

(c) Bayer acknowledges that Arvinas claims ownership of the Arvinas Trademarks and that Arvinas intends to protect the Arvinas Trademarks in the Territory. Bayer covenants and agrees that it shall not challenge, or cause or permit an Affiliate or Third Party to challenge, Arvinas' right, title or interest in and to the Arvinas Trademarks anywhere in the world. All uses by Bayer of the Arvinas Trademarks in the Territory shall inure to the benefit of Arvinas, and Bayer shall make no use of or apply for any registration thereof except as expressly permitted by this Agreement.

(d) Bayer shall not, and shall have no right to, bring any action with respect to any infringement of any Arvinas Trademark in the Territory without Arvinas' prior written consent.

(e) Nothing in this Agreement shall be construed so as to require Arvinas to take any actions or measures with respect to any alleged, suspected or known infringement of the Arvinas Trademarks.

3.2 **Non-Exclusive Research License.** During the Research Term, Bayer hereby grants to Arvinas a non-exclusive license in the Territory under the Bayer Technology, other Bayer Know-How, and Bayer Patent Rights solely to the extent required for conducting the Research Program in accordance with the Research Plans. Such right shall be personal and non-sublicensable except to permitted subcontractors as expressly set forth in Section 2.3.4

3.3 **No Implied Licenses.** Except as specifically set forth in this Agreement, neither Party shall acquire any license or other intellectual property interest or other rights, by implication or otherwise, in any Technology or other Confidential Information disclosed to it or accessed by it under this Agreement, or under any other Patent Rights or Technology owned or controlled by the other Party or its Affiliates.

3.4 **Development and Commercialization.** Following completion or termination (without termination of the License) of relevant Research Program activities, Bayer shall use Commercially Reasonable Efforts, at its own expense, to Develop and Commercialize at least one (1) Product directed to such Collaboration Target. For each Collaboration Target, within [**] following the end of each Calendar Year during the term of this Agreement which ends after the completion of the Research Program activities with respect to such Collaboration Target, and continuing until such time as payment of all potential milestone payments pursuant to Section 5.3 has been made with respect to such Collaboration Target, Bayer shall provide to Arvinas a written report which shall summarize Bayer's efforts to Develop and Commercialize Collaboration Compounds and Products directed to such Collaboration Target during the foregoing Calendar Year. Bayer agrees that Arvinas may provide a copy of such written reports to Yale University (with all reasonable redactions requested by Bayer), subject to the protections afforded to Arvinas' "CONFIDENTIAL INFORMATION" under the Yale Agreement.

3.5 **[**].** Arvinas acknowledges and agrees that [**] covered by this Agreement, provided that, for clarity, Bayer shall not, and [**], in connection with any such activities, (i) [**] under this Agreement, or (ii) [**] of this Agreement. The Parties agree and acknowledge that [**]. The Parties agree and acknowledge that, unless otherwise agreed by the Parties in writing, Bayer will have [**] under this Agreement [**].

ARTICLE 4 CONFIDENTIALITY AND PUBLICATION

4.1 **Nondisclosure and Nonuse Obligation.** Each Party agrees that, for so long as this Agreement is in effect and for a period of [**] thereafter, a Party (the **"Receiving Party"**) receiving or accessing Confidential Information of the other Party hereunder (the **"Disclosing Party"**) (or that has received any such Confidential Information from the other Party prior to the Effective Date under an applicable confidentiality agreement) shall (i) maintain in confidence such Confidential Information using not less than the efforts such Receiving Party uses to maintain in confidence its own proprietary information of similar kind and value, and in no event less than reasonable efforts, (ii) not disclose such Confidential Information to any Affiliate or Third Party without the prior written consent of the Disclosing Party, except for disclosures expressly permitted herein, and (iii) not use such Confidential Information for any purpose except those expressly permitted by this Agreement. For purposes of this Article 4, (a) all PROTAC Improvement IP shall be treated as Confidential Information of Arvinas, provided that Sole Bayer PROTAC Improvement IP shall be deemed the Confidential Information of Bayer, (b) all Bayer Technology, Bayer Know-How, Bayer Compounds and Bayer Collaboration IP, as well as Bayer's interest in any Reserved Target, Collaboration Target or any respective indication(s), shall be treated as Confidential Information of Bayer, (c) Confidential Information on the structure and performance of Collaboration Compounds meeting part (i) of the definition thereof, including related Collaboration Compound IP, shall be treated as Confidential Information of both Parties (i.e., each Party shall be deemed the Receiving Party with respect thereto), (d) Confidential Information on the structure and performance of Collaboration Compounds meeting part (ii) of the definition thereof, including related Collaboration Compound IP, shall be treated as Confidential Information of Bayer, and (e) all Joint Collaboration and all Research Plans shall be treated as Confidential Information of both Parties (i.e., each Party shall be deemed the Receiving Party with respect thereto).

4.2 **Exceptions.** The obligations under Section 4.1 shall not apply with respect to any portion of the Confidential Information that the Receiving Party can show by competent proof:

4.2.1 is known by the Receiving Party or its Affiliates at the time of its receipt, and not through a prior disclosure by the Disclosing Party under this Agreement;

4.2.2 is in the public domain by use or publication before its receipt from the Disclosing Party, or thereafter enters the public domain through no fault of the Receiving Party;

4.2.3 has been obtained by the Receiving Party or its Affiliates from a Third Party under such terms that lawfully allow the respective use or disclosure of the Confidential Information; or

4.2.4 is developed by the Receiving Party or its Affiliates independently of Confidential Information received from the Disclosing Party.

4.3 **Authorized Disclosure.** To the extent (and only to the extent) that it is reasonably necessary or appropriate to fulfill its obligations or exercise its rights under this Agreement, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party in the following instances:

4.3.1 if disclosed to governmental or other regulatory agencies in order to obtain patents or to gain or maintain approval to conduct Clinical Trials or to market Product, but such disclosure may be only to the extent reasonably necessary to obtain patents or authorizations in a manner consistent with rights granted under this Agreement;

4.3.2 if deemed necessary by Arvinas to be disclosed to (i) its Affiliates, agent(s), consultant(s), or other Third Parties for the conduct of the Research Program in accordance with the terms of this Agreement, (ii) to Yale University in connection with Arvinas' obligations and rights under the Yale Agreement, or (iii) as reasonably appropriate in connection with the exercise of the rights granted hereunder with respect to PROTAC Improvement IP or Joint Collaboration IP, or if deemed necessary by Bayer to be disclosed to its Related Parties, agent(s), consultant(s), or other Third Parties for the Development, Manufacturing, Commercialization or use of Collaboration Compounds or Products (or for such entities to determine their interest in performing such activities) in accordance with the terms of this Agreement, in all cases on the condition that such Third Parties agree to be bound by confidentiality and non-use obligations that substantially are no less stringent than those confidentiality and non-use provisions contained in this Agreement; provided, however, that the term of confidentiality for such Third Parties shall be no less than [**], with each Party to use reasonable efforts to obtain a term of [**], and that the Receiving Party shall remain responsible for any failure by any Person who receives Confidential Information pursuant to this Article 4 to treat such Confidential Information as required under this Article 4;

4.3.3 if deemed necessary by counsel to the Receiving Party to be disclosed to such Party's attorneys, independent accountants or financial advisors for the sole purpose of enabling such attorneys, independent accountants or financial advisors to provide advice to the Receiving Party, on the condition that such attorneys, independent accountants and financial advisors agree to be bound by, or are bound by ethical rules to comply with, the confidentiality and non-use obligations contained in this Agreement; provided, however, that the term of confidentiality for such attorneys, independent accountants and financial advisors shall be no less than [**], with each Party to use reasonable efforts to obtain a term of [**];

4.3.4 prosecuting or defending litigation in a manner consistent with any applicable requirements of this Agreement; or

4.3.5 subject to Sections 4.4 and 4.5, complying with applicable Laws (including the rules and regulations of the Securities and Exchange Commission or any national securities exchange) and with judicial process, if in the reasonable opinion of the Receiving Party's counsel, such disclosure is necessary for such compliance.

Any combination of features or disclosures shall not be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of the Receiving Party unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the Receiving Party. Confidential Information that is disclosed in accordance with this Section 4.3 shall remain otherwise subject to the confidentiality and non-use provisions of this Article 4 except to the extent that such permitted disclosure results in a public disclosure of such information (otherwise than by breach of this Agreement).

4.4 **Required Disclosure.** Where reasonably possible and subject to Section 4.5, if a Party is required by judicial or administrative process to disclose Confidential Information that is subject to the non-disclosure provisions of this Article 4, such Party shall promptly inform the other Party of the disclosure that is being sought in order to provide the other Party an opportunity to challenge or limit the disclosure obligations. The Party disclosing Confidential Information of the other Party pursuant to applicable Laws or court order shall take reasonable steps, including obtaining an order of confidentiality if possible, to ensure the continued confidential treatment of such Confidential Information. The Receiving Party shall furnish only that portion of the Confidential Information which it is advised by counsel is legally required whether or not a protective order or other similar order is obtained. Confidential Information that is disclosed in accordance with this Section 4.4 shall remain otherwise subject to the confidentiality and non-use provisions of this Article 4 except to the extent that such permitted disclosure results in a public disclosure of such information (otherwise than by breach of this Agreement).

4.5 **Securities Filings.** In the event either Party proposes to file with the Securities and Exchange Commission, or the securities regulators of any state or other jurisdiction, a registration statement or any other disclosure document which describes or refers to this Agreement under the Securities Act of 1933, as amended, the Securities Exchange Act, of 1934, as amended, or any other applicable securities Laws, the Party shall notify the other Party of such intention and shall provide such other Party with a copy of relevant portions of the proposed filing not less than [**] prior to such filing (and any revisions to such portions of the proposed filing a reasonable time prior to the filing thereof), including any exhibits thereto relating to the Agreement, and shall use reasonable efforts to obtain confidential treatment of any information concerning the Agreement that such other Party requests be kept confidential, and shall only disclose Confidential Information which it is advised by counsel is legally required to be disclosed. No such notice shall be required under this Section 4.5 if the substance of the description of or reference to this Agreement contained in the proposed filing has been included in any previous filing made by either Party hereunder in accordance with this Section or the disclosure has otherwise been approved by the other Party.

4.6 **Terms of Agreement.** The existence and the terms and conditions of the Agreement that the Parties have not specifically agreed to disclose pursuant to Section 4.5 or 4.8 shall be considered Confidential Information of both Parties. Either Party may disclose such terms to a *bona fide* investor, investment banker, acquiror, merger partner or other potential financial partner, and their attorneys and agents, provided that each such Person to whom such information is to be disclosed is informed of the confidential nature of such information and has entered into a written agreement with the Party requiring such Person to keep such information confidential.

4.7 **Publication.**

4.7.1 By Arvinas. Arvinas shall have no right to publish any results of the Research Program without the prior written consent of Bayer, provided that no such consent shall be required with respect to any publication of PROTAC Improvement IP that does not include any Confidential Information of Bayer. Bayer acknowledges Arvinas' desire to use genericized results included within the Collaboration IP to promote interest in and use of PROTAC Background IP and shall discuss in good faith the possible permitted disclosure of such information.

4.7.2 By Bayer. Bayer shall have the right to make publications relating to the Research Program, Collaboration Compounds and Products solely to the extent relating to a Collaboration Compound or Product for which Bayer retains its License hereunder and can exercise such License in accordance with Section 3.1.5, provided that Bayer shall not have

the right to publish Arvinas Confidential Information relating to PROTAC Background IP or PROTAC Improvement IP without Arvinas' prior consent, which shall not be unreasonably withheld or delayed. Once any such abstract or manuscript is accepted for publication, Bayer shall use reasonable efforts to provide Arvinas with a copy of the final version of the manuscript or abstract.

4.7.3 General. For clarification, this Section 4.7 shall not apply with respect to the use and disclosure of Confidential Information as specifically provided for in other Sections of this Article 4 (*i.e.*, a disclosure expressly permitted and made in accordance with another Section of this Article 4 shall not be subject to this Section 4.7). In addition, the Parties agree that it shall not be unreasonable for either Party to withhold its consent to any disclosure as provided above in order to ensure that there is sufficient opportunity to file patent applications on relevant inventions in accordance with the provisions of Section 7.2 or 7.3 prior to any such disclosure.

4.8 **Publicity/Use of Names.** Neither Party shall use the name, trademark, trade name or logo of the other Party, its Affiliates or their respective employee(s) in any publicity, promotion, news release or disclosure relating to this Agreement or its subject matter, without the prior express written permission of the other Party, except for those disclosures expressly authorized under this Article 4 or as permitted with respect to the trademark "PROTAC®" under Section 3.1.6. Following execution of this Agreement, either Party may issue a press release announcing the existence of this Agreement in form and substance agreed to in writing by both Parties, such agreement to not be unreasonably withheld or delayed. Each Party agrees not to issue any other press release or other public statement disclosing other information relating to this Agreement or the transactions contemplated hereby without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed; provided that Arvinas agrees that it shall be deemed reasonable for Bayer to withhold its consent for the disclosure of any information related to a Reserved Target or Collaboration Target or a specific Collaboration Compound or the amount of any payment made or to be made under this Agreement; and provided further that any disclosure which is required by Law or the rules of a securities exchange, as reasonably advised by the disclosing Party's counsel, may be made subject to the following. Each Party agrees to provide to the other Party a copy of any public announcement regarding this Agreement or the subject matter thereof as soon as reasonably practicable under the circumstances prior to its scheduled release. Except under extraordinary circumstances or to the extent any such advance notice or notice period is not consistent with applicable Law, each Party shall provide the other with an advance copy of any such announcement at least [**] prior to its scheduled release. Each Party shall have the right to expeditiously review and recommend changes to any such announcement and, except as otherwise required by Law, the Party whose announcement has been reviewed shall remove any information the reviewing Party reasonably deems to be inappropriate for disclosure. The contents of any announcement or similar publicity which has been reviewed and approved by the reviewing Party can be re-released by either Party without a requirement for re-approval. In addition, except to the extent required by Laws in connection with patent enforcement activities conducted in accordance with Article 7, Bayer shall not use the name "Yale" or "Yale University," nor any variation or adaptation thereof, nor any trademark, trade name or other designation owned by Yale University, nor the names of any of its trustees, officers, faculty, students, employees or agents, for any purpose without the prior written consent of Yale University in each instance, such consent to be granted or withheld by Yale University in its sole discretion, except that Bayer may state that it has sublicensed from Yale University one or more of the patents or applications comprising the Yale Licensed Patents.

4.9 **Injunctive Relief.** The Parties hereto understand and agree that remedies at law may be inadequate to protect against any breach of any of the provisions of this Article 4 by either Party or their employees, agents, officers or directors or any other Person acting in concert with it or on its behalf. Accordingly and notwithstanding Section 10.7, each Party shall be entitled to seek injunctive relief by a court of competent jurisdiction against any action that constitutes any such breach of this Article 4.

ARTICLE 5 PAYMENTS; ROYALTIES AND REPORTS

5.1 **Upfront Fee.** In partial consideration for the access to the Licensed IP and the rights granted hereunder to Develop and Commercialize Collaboration Compounds generated through the use of Arvinas' Technology relating to PROTACs, Bayer shall pay Arvinas an upfront, [**] fee of Seventeen Million Five Hundred Thousand US Dollars (US$17,500,000), due and payable within thirty (30) days following Bayer's receipt of an invoice therefor, which invoice shall be issued on or after the Effective Date in accordance with Section 5.7.

5.2 **Research Funding.** The funding for the Research Program to be provided in accordance with Section 2.3.2 shall be payable to Arvinas as set forth below, provided that any excess funding that is to be provided in any Research Program Year, as mutually agreed by the Parties in writing, shall be invoiced in accordance with any corresponding mutually agreed payment schedule, and shall be due and payable within [**] following Bayer's receipt of invoice therefor issued in accordance with Section 5.7. An initial, [**] research funding payment of One Million Five Hundred Thousand US Dollars (US$1,500,000) shall be due and payable within [**] following Bayer's receipt of an invoice therefor, which invoice shall be issued on or after the Effective Date in accordance with Section 5.7, and which payment shall be applied to the first Research Program Year. Thereafter, on each of January 1, 2020, 2021 and 2022, a non-refundable research funding payment of Three Million US Dollars (US$3,000,000) shall be due, payable within [**] following Bayer's receipt of an invoice therefor, which invoice shall be issued in accordance with Section 5.7, with a final non-refundable research funding payment of One Million Five Hundred Thousand US Dollars (US$1,500,000) to be due on January 1, 2023 and payable within [**] following Bayer's receipt of an invoice therefor, which invoice shall be issued in accordance with Section 5.7, and which payment shall be applied to the fourth Research Program Year. Each Three Million US Dollar payment referenced above shall be applied fifty percent (50%) to the Research Program Year in which it is invoiced and fifty percent (50%) to the following Research Program Year, unless otherwise agreed in writing by the Parties.

5.3 **Milestone Payments.** For each Collaboration Target, in consideration of the access to the Licensed IP and the rights granted hereunder to Develop and Commercialize Collaboration Compounds generated through the use of Arvinas' Technology relating to PROTACs, subject to the terms and conditions of this Agreement, Bayer shall pay to Arvinas the following milestone payments if and when achieved for such Collaboration Target. Such milestone payments shall be payable by Bayer to Arvinas, one time only per Collaboration Target, after the first achievement of each specified milestone event by Arvinas or by Bayer or its Related Parties, as applicable, for each relevant Collaboration Target and related Collaboration Compound or Product, as applicable, to reach the specified milestone event. In connection with Sections 5.3.1 through 5.3.8 below, Bayer shall provide written notice to Arvinas of the achievement of each such milestone event within [**] of achievement thereof, indicating the relevant Collaboration Compound or Product and Collaboration Target. In connection with Sections 5.3.9 through 5.3.11 below, Bayer shall provide written notice to Arvinas of the achievement of each such milestone event within [**] of

the close of the relevant Calendar Quarter in which such event occurred, indicating the relevant Product and Collaboration Target. Payment for any such amount shall be made within [**] of Bayer's receipt of a corresponding invoice from Arvinas that is issued in accordance with Section 5.7.

5.3.1 [**] US Dollars (US$[**]);

5.3.2 [**] US Dollars (US$[**]);

5.3.3 [**] US Dollars (US$[**]);

5.3.4 [**] US Dollars (US$[**]);

5.3.5 [**] US Dollars (US$[**]);

5.3.6 [**] US Dollars (US$[**]);

5.3.7 [**] US Dollars (US$[**]);

5.3.8 [**] US Dollars (US$[**]);

5.3.9 First Calendar Year in which the aggregate Net Sales of Products in the Territory in such Calendar Year equal [**] US Dollars (US$[**]) or more: [**] US Dollars (US$[**]);

5.3.10 First Calendar Year in which the aggregate Net Sales of Products in the Territory in such Calendar Year equal [**] US Dollars (US$[**]) or more: [**] US Dollars (US$[**]); and

5.3.11 First Calendar Year in which the aggregate Net Sales of Products in the Territory in such Calendar Year equal [**] US Dollars (US$[**]) or more: [**] US Dollars (US$[**]).

For clarity, each of the foregoing milestone payments shall be payable only once per Collaboration Target, upon the initial achievement of such milestone event with respect to such Collaboration Target, and no amounts shall be due hereunder for any subsequent or repeated achievement of such milestone with respect to such Collaboration Target or any relevant Product. Upon achievement of any milestone 5.3.4 or 5.3.5 and any of milestones 5.3.6, 5.3.7 or 5.3.8 for a Collaboration Target without payment of any of the prior milestones 5.3.3 through 5.3.5 for such Collaboration Target, such prior milestone payment(s) shall also become due if not already paid.

5.4 Royalties.

5.4.1 Royalties Payable by Bayer. Subject to the terms and conditions of this Agreement, Bayer shall pay Arvinas royalties, calculated on a Product-by-Product basis, as set forth in this Section 5.4.

(a) Patent Royalties. Bayer shall pay Arvinas royalties in an amount equal to the applicable percentage of Net Sales of the relevant Product by Bayer or its Related Parties in the applicable Calendar Year of the applicable Royalty Period as stated below, provided that the sale of such Product is Covered by a Valid Patent Claim in the country of sale:

(i) [**] percent ([**]%) of Net Sales in the Territory in each Calendar Year up to and including [**] US Dollars (US$[**]);

(ii) [**] percent ([**]%) of Net Sales in the Territory in each Calendar Year for the portion of Net Sales exceeding [**] US Dollars (US$[**]) up to and including [**] US Dollars (US$[**]);

(iii) [**] percent ([**]%) of Net Sales in the Territory in each Calendar Year for the portion of Net Sales exceeding [**] US Dollars (US$[**]) up to and including [**] US Dollars (US$[**]); and

(iv) [**] percent ([**]%) of Net Sales in the Territory in each Calendar Year for the portion of Net Sales exceeding [**] US Dollars (US$[**]).

(b) Know-How Royalty. In countries in which the sale of the relevant Product by Bayer or its Related Parties is not Covered by a Valid Patent Claim in the country of sale, Bayer shall pay Arvinas royalties as a percentage of Net Sales of the relevant Product by Bayer or its Related Parties in the applicable Calendar Year of the applicable Royalty Period at royalty rates that shall be set at [**] percent ([**]%) of the royalty rate applicable at the relevant time determined according to 5.4.1(a)(i) through (iv).

(c) Royalty Period. For clarity, royalty tiers pursuant to Section 5.4.1(a) and (b) shall be calculated based on aggregate Net Sales of each Product in the applicable Calendar Year of the applicable Royalty Period. Royalties on each Product at the rates set forth above shall continue on a country-by-country basis until the expiration of the later of: (i) the last-to-expire Valid Patent Claim that Covers the manufacture, use or sale of the relevant Product; or (ii) a period of ten (10) years after First Commercial Sale of such Product in such country (the **"Royalty Period"**). Upon expiration of the Royalty Period with respect to any Product in any country, subject to fulfillment of all relevant royalty and milestone payment obligations hereunder, Bayer shall have a fully paid-up, perpetual and irrevocable right to continue to make, use and sell such Product in such country. For the avoidance of doubt, any relevant License in any country and for any Product shall survive the expiration of the relevant Royalty Period, unless otherwise terminated in accordance with this Agreement, and any such expiration of a Royalty Period shall not limit Bayer's right to continue to Develop and Commercialize the relevant Product in the relevant country under any continuing License.

(d) Conditions. All royalties are subject to the following conditions:

(i) that only one royalty shall be due with respect to each unit of Product sold, regardless of the number of Valid Patent Claims Covering such Product;

(ii) that no royalties shall be due upon the sale or other transfer among Bayer or its Related Parties, but in such cases the royalty shall be due and calculated upon Bayer's or its Related Party's Net Sales to the first independent Third Party;

(iii) no royalties shall accrue on the sale or other disposition of Products by Bayer or its Related Parties for use in a Clinical Trial; and

(iv) no royalties shall accrue on the disposition of Products by Bayer or its Related Parties as samples (promotion or otherwise) or as donations (for example, to non-profit institutions or government agencies for a non-commercial purpose).

5.4.2 Royalty Reductions.

(a) Compulsory Licenses**.** If a compulsory license is required to be granted by Bayer to a Third Party with respect to any Product in any country in the Territory with a royalty rate payable to Bayer with respect to sales of such Product that is lower than the effective royalty rate for such Product provided by Section 5.4.1, after application of any permitted credits or reductions pursuant to Section 5.4.2(b) or 5.4.2(c), then the royalty rate to be paid by Bayer on Net Sales in that country under Section 5.4.1 with respect to such Product shall be reduced to the rate paid by the compulsory licensee to Bayer with respect to such Product.

(b) Third Party Licenses.

(i) In the event that one or more patent licenses from other Third Parties are required, or reasonably deemed necessary or useful, in each case as determined by Bayer or its Related Parties in their sole discretion, and are obtained by Bayer or its Related Parties in order to use or practice PROTAC Background IP or PROTAC Improvement IP in order to Develop, Manufacture, Commercialize, use or otherwise exploit any Collaboration Compound or Product under a License as permitted hereunder (hereinafter **"Third Party Patent Licenses"**), [**] percent ([**]%) of the consideration actually paid under such Third Party Patent Licenses by Bayer or its Related Parties with respect to such Collaboration Compound or Product in a country with respect to any Calendar Quarter shall be creditable against the royalty payments due to Arvinas from Bayer hereunder with respect to the sale of such Collaboration Compound or Product in such country with respect to such Calendar Quarter; provided, however, that in no event shall the rate of the royalties payable by Bayer to Arvinas in accordance with Section 5.4.1 with respect to the sale of Collaboration Compound or Product in a particular country be reduced pursuant to this Section 5.4.2(b) below [**] percent ([**]%) of the amount otherwise payable under Section 5.4.1(a) or Section 5.4.1(b), as applicable (and for clarity without the application of any permitted reduction pursuant to Section 5.4.2(c)).

(ii) In the event that the Yale Agreement is terminated, and thereafter, notwithstanding such termination, Bayer retains its sublicense hereunder to the Yale Licensed Patents granted pursuant to Section 3.1.1 or enters into a direct license agreement with Yale for such continued right, Bayer shall have the right to credit [**] percent ([**]%) of the royalty payments actually paid by Bayer or its Related Parties to Yale during a certain Calendar Quarter in connection with Bayer's or such Related Party's Development, Manufacture, Commercialization, use or other exploitation of any Collaboration Compound or Product under a License as permitted hereunder against the royalty payments due to Arvinas during such same Calendar Quarter under Section 5.4.1(a) or Section 5.4.1(b), as applicable.

(c) Market Entry of a Generic Version. Upon the first commercial sale of a Generic Version of a Product in a particular country in the Territory during the applicable Royalty Period, the following shall apply: if the aggregate unit sales of all Generic Version(s) in such country over a period of [**] ("**Market Share Period**") exceed [**] percent ([**]%) of the sum total unit sales of such Product and all Generic Version(s) (i.e., based on unit volume market share) in such country during such Market Share Period, then beginning in the first [**] after such Market Share Period, Bayer shall have the right to reduce any royalties payable in such country under Section 5.4.1 above by [**] percent ([**]%). Such unit sales volume will be based on data from IMS Health or another data service acceptable to both Parties. As necessary, appropriate payment adjustments or true-ups shall be made in the case, for example, where there is a delay in the availability of the applicable IMS Health or other volume data.

(d) Limits. Notwithstanding any other provision of this Agreement, in no event shall the rate of the royalties payable by Bayer to Arvinas in accordance with this Agreement with respect to the sale of any Collaboration Compound or Product in a particular country during the Royalty Period be reduced below [**] percent ([**]%).

5.5 **No Adjustment for Arvinas Third Party Agreements**. Arvinas shall be solely responsible for (i) all obligations (including any royalty, milestone or other obligations that relate to PROTAC Background IP or PROTAC Improvement IP) under its agreements with Third Parties that are in effect as of the Effective Date or any relevant agreement with an Affiliate or Third Party that Arvinas may enter into during the term of this Agreement, and (ii) all payments to inventors of Licensed IP, including payments under inventorship compensation laws, that may arise in connection with any permitted use or license of any such PROTAC Improvement IP under this Agreement, provided that Arvinas shall have no such obligation with respect to payments to inventors of PROTAC Improvement IP who are employees or representatives of Bayer or its Affiliates, or of a Third Party acting on behalf of Bayer or its Affiliates.

5.6 **Reports; Payment of Royalty.** During the term of this Agreement following the First Commercial Sale of a Product, Bayer shall furnish to Arvinas a quarterly written report for each Calendar Quarter showing, by Product and by country, the Net Sales of each Product subject to royalty payments sold by Bayer and its Related Parties in the Territory during the reporting period and the royalties payable under this Agreement. Reports shall be due on the [**] following the end of each Calendar Quarter. Royalties shown to have accrued by each royalty report shall be due and payable within [**] after Bayer's receipt of an invoice from Arvinas. Reports of any relevant withholding taxes shall be made in accordance with Section 5.11.

5.7 **Invoicing; Method of Payment.** Invoices must include the appropriate Bayer Purchase Order (PO) number (if provided by Bayer to Arvinas), reference to this Agreement and type of payment due, itemized description of work completed if applicable, amount owed, and name and address to which the payment is to be sent as well as such other information as may be reasonably required by Bayer.

All invoices shall be clearly marked "INVOICE" and sent to:

Bayer AG
[**]

Alternatively, each invoice for payment may be sent electronically in portable document format (pdf) via email without electronic signature ("pdf-invoicing"), thus replacing a corresponding paper form. Upon Arvinas request Bayer will provide a declaration of consent for electronic invoicing together with further procedural information.

Should Bayer dispute in good faith the nature or basis of any charges contained in any invoice submitted by Arvinas hereunder, Bayer shall promptly provide written notice to Arvinas setting forth the reason for the dispute, which the Parties shall attempt to resolve in good faith in accordance with Section 10.7. The obligation to make payment of any amount disputed in good faith as set forth above shall be suspended until the Parties resolve such dispute, provided that such good faith resolution efforts are continuing. Payment by Bayer shall not result in a waiver of any of its rights under this Agreement. Each payment hereunder shall be made by electronic transfer in immediately available funds via either back wire transfer, an ACH (automated clearing house) mechanism or any other means of electronic funds transfer, at Bayer's election, to the bank account as set forth below or as designated by Arvinas in writing to Bayer at least [**] prior the relevant payment date:

Bank Name:	[**]
Beneficiary Account Number:	[**]
Beneficiary Account Name:	[**]
International SWIFT BIC:	[**]
ABA/Routing Number:	[**]

5.8 Audits.

5.8.1 Bayer shall keep, and shall require its Related Parties to keep, complete and accurate records in sufficient detail to enable the amounts payable hereunder to be determined. Upon [**] written request of Arvinas and not more than [**] and [**] for each reporting period, Bayer and its Related Parties shall permit an internationally recognized independent certified public accounting firm or chartered accountant selected by Arvinas and reasonably acceptable to Bayer, at Arvinas' expense, to have access during normal business hours to such of the records of Bayer and its Related Parties as may be reasonably necessary to verify the accuracy of the reports and notices under this Article 5 for any Calendar Year ending not more than [**] prior to the date of such request. The accounting firm shall disclose to Arvinas only whether the reports are correct or incorrect, and whether any milestone event notifications have not been properly made, and the amount of any discrepancy. No other information shall be provided to Arvinas.

5.8.2 If such accounting firm correctly identifies a discrepancy made during such period, Bayer shall pay to Arvinas the amount of any underpayment discrepancy, plus any interest due as set forth in Section 5.13, within [**] of the date Arvinas delivers to Bayer such accounting firm's written report so correctly concluding, or as otherwise agreed upon by the Parties. The fees charged by such accounting firm shall be paid by Arvinas; provided, however, that if such audit uncovers an underpayment of royalties by Bayer that exceeds [**] percent ([**]%) of the total royalties owed for the relevant period, then the fees of such accounting firm shall be paid by Bayer. If such accounting firm concludes that Bayer overpaid royalties to Arvinas, then Arvinas shall refund such overpayments to Bayer, within [**] of the date Arvinas receives such accountant's report or, if such overpayment is more than [**] US dollars, then Arvinas and Bayer shall mutually agree on mechanism for such refund, which mechanism may include a credit against any future payment by Bayer to Arvinas or a repayment schedule.

5.8.3 Bayer shall include, or cause to be included, in each sublicense granted pursuant to this Agreement a provision requiring the relevant Related Party to make reports to Bayer, to keep and maintain records of sales made pursuant to such sublicense and to grant access to such records by Arvinas' independent accountant to the same extent required of Bayer under this Agreement.

5.8.4 Arvinas shall treat all financial information subject to review under this Section 5.8 or under any relevant sublicense agreement in accordance with the confidentiality and non-use provisions of this Agreement, and shall cause its accounting firm to enter into an acceptable confidentiality agreement with Bayer or its Related Parties obligating it to retain all such information in confidence pursuant to such confidentiality agreement.

5.9 **Payment Exchange Rate.** All payments to be made by Bayer to Arvinas under this Agreement shall be made in United States dollars and may be paid by check made to the order of Arvinas or bank wire transfer in immediately available funds to such bank account in the United States as may be designated in writing by Arvinas from time to time. In the case of sales outside the United States, the rate of exchange to be used in computing the monthly amount of currency equivalent in United States dollars due Arvinas shall be made at the monthly rate of exchange utilized by Bayer in its worldwide accounting system.

5.10 **Value Added Tax.** All agreed remuneration under this Agreement is considered to be net of value added tax (**"VAT"**). VAT shall apply additionally to the extent legally owed; payable by Bayer after receipt of a proper invoice which meets all legal requirements according to the applicable VAT laws.

5.11 **Withholding Taxes.** Arvinas shall be liable for any and all taxes, duties and other levies applied by a government of any country of the Territory on payments made by Bayer to Arvinas under this Agreement. In the event that any payments due to Arvinas are subject to withholding tax required by applicable Law to be paid to the taxing authority of any foreign country, Bayer may deduct the amount of such tax from the applicable payment otherwise payable to Arvinas. Any such withheld tax shall be treated as having been paid by Bayer to Arvinas for all purposes of this Agreement. In such event, Bayer shall, on a timely basis, notify Arvinas of such obligation, pay the taxes to the proper taxing authority and send evidence of the obligation together with proof of payment thereof to Arvinas following that payment. Each Party agrees to cooperate with the other Party in claiming exemptions from such deductions or withholdings under any relevant agreement or treaty which is in effect. In the event that Bayer cannot deduct the withholding tax due to any mutually agreed fulfilment of a Bayer payment obligation by settlement or by set-off, Arvinas shall pay the withholding tax to Bayer separately. If Bayer failed to deduct withholding tax but is still required by tax law to pay withholding tax on account of Arvinas to the tax authorities, Arvinas shall reasonably assist Bayer with regard to all procedures required in order to obtain reimbursement by tax authorities or, in the event that the tax authorities will not reimburse the withholding tax to Bayer, Arvinas shall promptly refund the tax amount.

5.12 **Blocked Currency**. If by applicable Law or fiscal policy of a particular country, conversion into United States dollars or transfer of funds of a convertible currency to the United States is restricted or forbidden, royalties accrued in that country shall be paid to Arvinas in the country in local currency by deposit in a local bank designated by Arvinas, unless the Parties otherwise agree in writing.

5.13 **Interest Due**. Any payments due under this Agreement shall be due on such date as specified in this Agreement. Any failure by Bayer to make a payment within [**] after the date when due shall obligate Bayer to pay interest on the due payment to Arvinas. The interest period shall commence on the due date (inclusive) and end on the payment date (exclusive). Interest shall be calculated based on the actual number of days in the interest period divided by 360. The interest rate per annum shall be equal to the [**], or shall be equal to the [**], whatever is lower. In case the [**] as agreed by the Parties shall be used instead.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

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

6.1.1 it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

6.1.2 it has the full right, power and authority to enter into this Agreement and to perform its obligations hereunder;

6.1.3 this Agreement has been duly executed by it and is legally binding upon it, enforceable in accordance with its terms; and

6.1.4 the execution, delivery and performance of this agreement by such Party and its compliance with the provisions hereof does not and will not conflict with or result in any breach or default under any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any material law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

6.2 **Arvinas Representations and Warranties.** Arvinas represents and warrants to Bayer that, as of the Effective Date:

6.2.1 Schedule 1.8 sets forth a true and complete list of all Arvinas Patent Rights Controlled by Arvinas or any of its Affiliates that relate to PROTAC Background IP;

6.2.2 [**], the Arvinas Patent Rights exist and are not invalid or unenforceable, in whole or in part and, as of the Effective Date, no Third Party (a) is infringing any Arvinas Patent Right or (b) has challenged or threatened to challenge the inventorship, ownership, Arvinas' right to use, scope, validity or enforceability of any Arvinas Patent Right (including by way of example, through the institution of interference, derivation, post-grant review, opposition, nullity or similar invalidity proceeding before the United States Patent and Trademark Office or any analogous foreign governmental authority);

6.2.3 it has the full right, power and authority to grant the licenses granted under Article 3 and it has not previously assigned, transferred, conveyed or otherwise encumbered its right, title and interest in the Licensed IP in any manner that conflicts with the rights granted to Bayer hereunder;

6.2.4 it has complied with all applicable Laws, including any disclosure requirements, in connection with filing, prosecution and maintenance of the Arvinas Patent Rights;

6.2.5 it has obtained from all inventors of any Licensed IP owned by Arvinas, existing as of the Effective Date, valid and enforceable agreements assigning to Arvinas each such inventor's right title and interest in and to all such Licensed IP;

6.2.6 [**], it is the sole and exclusive owner or licensee (from its licensor) of the Licensed IP, all of which are (and shall be, in the case of Arvinas Collaboration IP and Arvinas' rights in Joint Collaboration IP) free and clear of any liens, charges and encumbrances, except for liens, charges and encumbrances imposed under that certain (a) Loan Agreement by Connecticut Innovations, Incorporated (**"CII"**) and Arvinas dated as of August 20, 2013 and that certain Security Agreement between CII and Arvinas dated as of August 20, 2013 that was entered into in connection with such Loan Agreement, and (b) Assistance Agreement by and between the State of Connecticut acting by the Department of Economic and Community Development (the **"DECD"**) and Arvinas dated January 24, 2014 and that certain Security Agreement by and between Arvinas and the DECD dated as of January 24, 2014 that was entered into in connection with such Assistance Agreement;

6.2.7 [**], the practice by Arvinas of the Licensed IP (and for clarity not in conjunction with any specified target) in the performance of the Research Program will not interfere with or infringe any intellectual property rights owned or possessed by any Third Party;

6.2.8 [**], the exercise of the licenses granted to Bayer under the Licensed IP, including the Development, Manufacture, use, and Commercialization of Collaboration Compounds and Products, will not interfere with or infringe any intellectual property rights owned or possessed by any Third Party; and

6.2.9 there are no (a) claims, demands, suits, proceedings, arbitrations, inquiries, investigations or other legal actions of any nature, civil, criminal, regulatory or otherwise, pending or to the best knowledge of Arvinas, threatened against Arvinas or (b) judgments or settlements against or owed by Arvinas, for (a) and (b), relating to the Licensed IP.

ARTICLE 7 IP PROVISIONS

7.1 **Inventorship and Ownership.** The Parties agree that the United States federal patent law on inventorship shall determine the inventorship of any invention and the names of the inventors on any patent filings, whether sole or joint inventions, which arise in connection with activities conducted pursuant to this Agreement.

7.1.1 PROTAC Background IP. Arvinas shall own (or control through licenses from Third Parties) all PROTAC Background IP, even if used to support the aims of the Research Program (e.g., generation of new Connectors). Nothing in this Agreement shall be deemed to grant Bayer any rights to own, use or access any PROTAC Background IP or other Patent Rights or other Technology of Arvinas other than as expressly provided in this Agreement.

7.1.2 Bayer Technology. Bayer shall own (or control through licenses from Third Parties) all Bayer Technology and, subject to the provisions of this Agreement regarding Collaboration Compound IP, all other Technology of Bayer, whether existing as of the Effective Date or identified or developed during the term of this Agreement or thereafter, made or developed independently by Bayer outside the scope of the Research Program, even if used to support the aims of the Research Program, with the exception of any PROTAC Improvement IP developed by Bayer in the course of the research or development of one or more Collaboration Compounds or Products in the Territory in accordance with the licenses granted under this Agreement that is to be owned by Arvinas as provided in Section 7.1.4 and that, for clarity, is not Sole Bayer PROTAC Improvement IP (with respect to which rights of the Parties shall be governed by Sections 7.1.4(b) and (c)). Nothing in this Agreement shall be deemed to grant Arvinas any rights to own, use or access any Bayer Technology or other Patent Rights or other Technology of Bayer other than as expressly provided in this Agreement.

7.1.3 Bayer Compounds**.** With respect to Bayer Compounds within Bayer Technology and other Bayer Compounds that are derivatives, modifications or improvements thereof made by or on behalf of either Party in the course of performance of the Research Program (including any such Bayer Compound used as or contained or incorporated into a Targeting Compound, but excluding any Connector or Ligand contained in any such derivative, modification or improvement), Bayer shall own all right, title and interest in and to such Bayer Compounds, provided that, notwithstanding such Bayer ownership, with respect to any derivative of, modification of or improvement to any Bayer Compound that is made solely or jointly by Arvinas in the course of performance of the Research Program, Bayer shall not have the right to make, use or sell any such Bayer Compound in connection with the Development or Commercialization of any pharmacologically-active agent whose primary mechanism of action is, by design, directed to any target other than a Collaboration Target, unless otherwise agreed in writing by Arvinas, such agreement to not be unreasonably withheld. Arvinas agrees that it will not withhold its agreement if it is not, by contractual obligations with Third Parties, legally prevented from providing its consent. Nothing in this Agreement shall be deemed to grant Arvinas any rights to own, use or access any Bayer Compounds or related Patent Rights other than as expressly provided herein.

7.1.4 PROTAC Improvement IP. Subject to Section 7.1.4(b) and to Section 7.2.5, Arvinas shall solely own all PROTAC Improvement IP and shall own all Patent Rights filed thereon. Nothing in this Agreement shall be deemed to grant Bayer any rights to own, use or access any PROTAC Improvement IP or related Patent Rights other than as expressly provided in this Agreement.

(a) Arvinas' rights to PROTAC Improvement IP shall be subject to Sections 2.8, 7.1.4(c) and 7.2.5, and any licenses expressly granted to Bayer pursuant to Article 3.

(b) Any PROTAC Improvement IP invented solely by Bayer or its Affiliates or a Third Party acting on behalf of Bayer or its Affiliates (**"Sole Bayer PROTAC Improvement IP"**) shall remain owned by Bayer, subject to a non-exclusive, worldwide, perpetual, fully paid license to Arvinas, which for clarity shall be subject to the limitations set forth in Section 7.1.4(c). Bayer shall be solely responsible for all payments to inventors of Sole Bayer PROTAC Improvement IP, including payments under inventorship compensation laws, that may arise in

connection with such license to Arvinas. Notwithstanding Bayer's sole ownership of Sole Bayer PROTAC Improvement IP, Bayer agrees (i) that it shall have no right to sublicense Sole Bayer PROTAC Improvement IP except in connection with a license of rights to a related Bayer product, including for the avoidance of doubt, for the joint research, development, manufacture and commercialization of a Bayer product in collaboration with a Third Party, and (ii) that Patent Rights shall be filed on Sole Bayer PROTAC Improvement IP solely as provided in Section 7.2.2.

(c) Notwithstanding Arvinas' sole ownership of PROTAC Improvement IP that is not Sole Bayer PROTAC Improvement IP as provided above, and the non-exclusive license to Arvinas granted in Section 7.1.4(b), Arvinas may utilize PROTAC Improvement IP, including Sole Bayer PROTAC Improvement IP, only for Arvinas' internal programs or for programs conducted by or on behalf of Third Parties who license Arvinas' protein degradation technology or related products, but not with respect to any Collaboration Target that is included under a License granted to Bayer under this Agreement that is in effect at the relevant time.

(d) For clarity, any ownership by Arvinas of PROTAC Improvement IP shall not include or imply any rights to use any underlying Technology of Bayer, and any ownership by Bayer of Sole Bayer PROTAC Improvement IP shall not include or imply any rights to use any underlying Technology of Arvinas.

7.1.5 Collaboration IP and Collaboration Compound IP. The entire right, title and interest in:

(a) Arvinas Collaboration IP shall be owned solely by Arvinas;

(b) Bayer Collaboration IP shall be owned solely by Bayer;

(c) Joint Collaboration IP shall be owned jointly by Arvinas and Bayer; provided that, subject to any Licenses granted to Bayer under this Agreement, and except for use in connection with performance of the Research Program, neither Party shall have the right to use or practice Joint Collaboration IP, or to grant licenses under its interest in Joint Collaboration IP or corresponding Joint Patent Rights (to be filed solely as provided in Section 7.2.4(b)), without the written consent of the other Party, such consent to not be unreasonably withheld or delayed; and

(d) Collaboration Compound IP shall be owned solely by Bayer; provided that neither Party shall have any rights to use, practice or license any Collaboration Compound, Product, Collaboration Compound IP or Collaboration Compound Patent Rights other than in the course of performance of the Research Program or pursuant to a License granted under this Agreement or as otherwise expressly agreed by the Parties in writing. For clarity, Arvinas shall retain all right, title and interest in and to each Connector and each Ligand contained in any Collaboration Compound that is transferred to Bayer by Arvinas (the **"Arvinas Components"**), in part as to Arvinas Components that exist in combination with other material, and any transfer of Arvinas Components to Bayer under this Agreement shall be a bailment and shall not constitute a sale of Arvinas Components or a grant, option or license of any patent or other rights controlled by Arvinas, other than a license to Bayer to use the Arvinas Components in the practice of a license expressly granted under this Agreement. For the avoidance of doubt and unless expressly agreed otherwise

in this Agreement, to the extent the Collaboration Compound IP incorporates any portion of the Bayer Technology, Bayer Collaboration IP or Sole Bayer PROTAC Improvement IP (the **"Bayer Components"**), Bayer shall retain the right to use any of these Bayer Components for any purposes and in connection with any target.

7.1.6 Employee/Representative Assignments. Each Party shall maintain valid and enforceable agreements obligating all employees or representatives performing activities under or contemplated by this Agreement, to assign his/her interest in any invention conceived or reduced to practice in the course of such activities to the Party for which such employee or representative is providing his/her services. Each Party agrees to execute such documents, render such assistance, and take such other action as the other Party may reasonably request, to apply for, register, perfect, confirm, and protect the other Party's rights in any Technology arising in the course of performance of this Agreement to be owned by the other Party pursuant to this Section 7.1. For clarity, Bayer shall be solely responsible for all payments to inventors of any Licensed IP or Collaboration Compound IP who are employees or representatives of Bayer or its Affiliates, or of a Third Party acting on behalf of Bayer or its Affiliates, that may arise in connection with any permitted use or license of any such Licensed IP or Collaboration Compound IP under this Agreement and Arvinas shall be solely responsible for all payments to inventors of any Licensed IP or Collaboration Compound IP who are employees or representatives of Arvinas or its Affiliates, or of a Third Party acting on behalf of Arvinas or its Affiliates, that may arise in connection with any permitted use or license of any such Licensed IP or Collaboration Compound IP under this Agreement.

7.2 Disclosure; Prosecution and Maintenance of Patents.

7.2.1 Disclosure. Subject to compliance with Section 2.5, Arvinas shall promptly disclose to Bayer in writing the development, conception or reduction to practice of inventions within the Collaboration Compound IP, Arvinas Collaboration IP, PROTAC Improvement IP, and Joint Collaboration IP. Bayer shall promptly disclose to Arvinas in writing the development, conception or reduction to practice of inventions within Joint Collaboration IP and PROTAC Improvement IP and, to the extent arising in the course of performance of the Research Program, Collaboration Compound IP. Patent Rights on any inventions within Collaboration IP, PROTAC Improvement IP and Collaboration Compound IP shall be Prosecuted and Maintained solely in accordance with this Article 7.

7.2.2 Prosecution and Maintenance of Patent Rights claiming PROTAC Background IP and PROTAC Improvement IP. As between Bayer and Arvinas, Arvinas shall be responsible for the Prosecution and Maintenance of Patent Rights claiming PROTAC Background IP or PROTAC Improvement IP, and Arvinas shall be responsible for all costs incurred by Arvinas with respect to such Prosecution and Maintenance. Arvinas shall appropriately consult with Bayer with respect to any such Prosecution or Maintenance to the extent relevant to Collaboration Compounds or Products exclusively licensed to Bayer under this Agreement. Notwithstanding the foregoing, no Patent Rights shall be filed on Sole Bayer PROTAC Improvement IP without mutual written agreement of the Parties, which written agreement shall address and govern ownership of and rights to Prosecute and Maintain and enforce such Patent Rights.

7.2.3 Prosecution and Maintenance of Patent Rights claiming Collaboration Compound IP. Subject to Section 3.1.4, as between Bayer and Arvinas, Bayer shall own and be responsible for the Prosecution and Maintenance of Patent Rights claiming Collaboration Compound IP (**"Collaboration Compound Patent Rights"**), and Bayer shall be responsible for all costs incurred by Bayer with respect to such Prosecution and Maintenance. Bayer shall appropriately consult with Arvinas with respect to any such Prosecution or Maintenance to the extent relevant to existing or potential patent filings on PROTAC Background IP or PROTAC Improvement IP.

7.2.4 Filing, Prosecution and Maintenance of Patent Rights claiming Other Collaboration IP.

(a) Arvinas Collaboration IP. Arvinas shall be responsible for the Prosecution and Maintenance of Patent Rights claiming Arvinas Collaboration IP (**"Arvinas Program Patent Rights"**), and Arvinas shall be responsible for all costs incurred by Arvinas with respect to such Prosecution and Maintenance. Arvinas shall appropriately consult with Bayer with respect to any such Prosecution or Maintenance to the extent relevant to Collaboration Compounds or Products exclusively licensed to Bayer under this Agreement. If Arvinas elects not to file Patent Rights on any Arvinas Collaboration IP in any country in the Territory, or elects to Prosecute or Maintain such Arvinas Program Patent Rights in some but not all countries in the Territory, Arvinas shall notify Bayer and Bayer shall have the right to Prosecute or Maintain such Arvinas Program Patent Rights in any or all countries in the Territory in which Arvinas has elected not to pursue such actions in Arvinas' name and at Bayer's expense, subject to Section 7.2.4(c).

(b) Joint Collaboration IP. With respect to Joint Collaboration IP, Bayer shall have the first right to Prosecute and Maintain patent applications within the Joint Patent Rights in the joint names of the Parties, at its own expense. Bayer may elect not to Prosecute or Maintain any such patent applications in any country in the Territory and if so, Bayer shall notify Arvinas and Arvinas shall have the right to Prosecute and Maintain such patent applications in the joint names of the Parties, at Arvinas' own expense, in any or all countries in the Territory in which Bayer has elected not to Prosecute or Maintain such patent applications, subject to Section 7.2.4(c). Notwithstanding the foregoing, Patent Rights shall only be filed on Joint Collaboration IP as mutually agreed by the Parties in writing, which agreement shall address and govern rights to use, practice and license such Joint Patent Rights, such agreement to not be unreasonably withheld or delayed.

(c) Consultation. In each case with respect to Arvinas Program Patent Rights and Joint Patent Rights, the Prosecuting Party, as relevant (**"Filing Party"**) shall give the other Party an opportunity to review the text of any application before filing, shall consult with the non-Filing Party with respect thereto, and shall supply the non-Filing Party with a copy of the application as filed, together with notice of its filing date and serial number. The Filing Party shall keep the non-Filing Party advised of the status of the actual and prospective patent filings and, upon the non-Filing Party's request, shall provide advance copies of any papers related to the Prosecution or Maintenance of such patent filings. The Filing Party shall regularly provide the other Party with copies of all material submissions and correspondence with the patent offices, in sufficient time to allow for review and comment by the non-Filing Party. The Filing Party shall provide the non-Filing Party and its patent counsel with an opportunity to consult with the Filing Party and its patent counsel

regarding the filing and contents of patent applications, amendments, submissions or responses, and the advice and suggestions of the non-Filing Party and its patent counsel shall be taken into consideration in good faith by the Filing Party and its patent counsel. Each Filing Party shall pursue in good faith all reasonable claims and arguments requested by the non-Filing Party in the Prosecution of any Arvinas Program Patent Rights or Joint Patent Rights. Each Party agrees to execute and deliver, at the reasonable request and sole expense of the Filing Party all papers, instruments and assignments, and to perform any other reasonable acts as the Filing Party may require, in order for such Party to pursue relevant patent applications in accordance with this Section 7.2.4. Each Party shall promptly give notice to the other Party of the grant, lapse, revocation, surrender, invalidation or abandonment of any Patent Rights for which such Party is responsible under this Section 7.2.4 for Prosecution and Maintenance. With respect to all filings hereunder, the Filing Party (as of the relevant time such cost or expense is incurred) shall be responsible for payment of all costs and expenses related to such filings.

7.2.5 Procedures. Notwithstanding any other provision hereof, each Party shall use all reasonable efforts to, in activities conducted in accordance with this Section 7.2, file Patent Rights claiming inventions in such a manner as to ensure that Collaboration Compounds and uses of Collaboration Compounds are not claimed in the same patent applications as those claiming either inventions within PROTAC Improvement IP or inventions that are applicable to PROTACs in general. In the event that either Party reasonably believes that it cannot file such claims in separate filings, such Party shall consult with the other Party regarding such matter and cooperate in good faith with such other Party to effect a solution regarding ownership of and rights to any relevant Patent Rights claiming such mixed inventions consistent with the intent of the other relevant provisions of this Agreement. In situations where, subject to compliance with the foregoing requirements, a patent application of mixed inventions claims PROTAC Improvement IP and Collaboration Compound IP (a **"Mixed Application"**), Bayer shall own any such Mixed Application. Bayer hereby grants to Arvinas an exclusive (even as to Bayer but subject to any relevant rights expressly granted to Bayer in Section 3.1), worldwide, perpetual, fully-paid license, with the right to sublicense, under such Mixed Applications to practice any PROTAC Improvement IP or Arvinas Collaboration IP specifically or generically claimed therein for Arvinas' internal programs or in connection with programs conducted by or on behalf of Third Parties who license Arvinas' protein degradation technology, but in all cases not with respect to any Collaboration Target that is included under a License granted under this Agreement at the relevant time. For clarity, such license to Arvinas is exclusive only with respect to PROTAC Improvement IP and Arvinas Collaboration IP. Prosecution, and Maintenance and enforcement of any such Mixed Applications shall be performed in accordance with Sections 7.2.4(b) and 7.5 as for Joint Collaboration IP and Joint Patent Rights.

7.3 **Bayer Patent Rights.** Bayer shall have the exclusive right, at its sole expense, to file, prosecute and maintain any and all Bayer Patent Rights. Bayer shall also have the sole and exclusive right to enforce and defend the Bayer Patent Rights, including without limitation any interference, opposition, reissue or reexamination proceeding relating to Bayer Patent Rights and any infringement of Bayer Patent Rights.

7.4 Interference, Opposition, Reexamination and Reissue.

7.4.1 Arvinas shall, within [**] of any of its executive officers learning of such event, inform Bayer of any request for, or filing or declaration of, any interference, opposition, reissue or reexamination relating to Arvinas Patent Rights which Cover the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder, to Collaboration Compound Patent Rights or to Joint Patent Rights. Bayer shall, within [**] of any of its executive officers learning of such event, inform Arvinas of any request for, or filing or declaration of, any interference, opposition, reissue or reexamination relating to Arvinas Patent Rights which Cover the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder, to Collaboration Compound Patent Rights or to Joint Patent Rights. Bayer and Arvinas shall thereafter consult and cooperate fully to determine a course of action with respect to any such proceeding. Bayer shall have the right to review and approve any submission to be made in connection with such proceeding.

7.4.2 Notwithstanding Section 7.2, Arvinas shall not initiate any reexamination, interference or reissue proceeding relating to Arvinas Patent Rights Covering the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder or to Joint Patent Rights without the prior written consent of Bayer, which consent shall not be unreasonably withheld or delayed, and Bayer shall not initiate any reexamination, interference or reissue proceeding relating to Arvinas Patent Rights Covering the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder, to Collaboration Compound Patent Rights having Arvinas representatives as inventors or to Joint Patent Rights without the prior written consent of Arvinas, which consent shall not be unreasonably withheld or delayed.

7.4.3 In connection with any interference, opposition, reissue, or reexamination proceeding relating to Arvinas Patent Rights, Collaboration Compound Patent Rights or Joint Patent Rights, Bayer and Arvinas shall cooperate fully and shall provide each other with any information or assistance that either may reasonably request. For Arvinas Patent Rights Covering the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder, Collaboration Compound Patent Rights having Arvinas representatives as inventors or Joint Patent Rights, the responsible Party shall keep the other Party informed of developments in any such action or proceeding, including, to the extent permissible by applicable Laws, consultation and approval of any settlement, the status of any settlement negotiations and the terms of any offer related thereto.

7.4.4 Arvinas shall bear the expense of any interference, opposition, reexamination, or reissue proceeding that Arvinas elects to Prosecute and Maintain as provided herein. Bayer shall control and bear the expense of any interference, opposition, reexamination, or reissue proceeding that Bayer elects to Prosecute and Maintain as provided herein.

7.4.5 Regardless of which Party has the right to initiate and prosecute such action, both Parties shall, as soon as practicable after receiving notice of such action, convene and consult with each other regarding the appropriate course of conduct for such action. The non-initiating Party shall have the right to be kept fully informed and participate in decisions regarding the appropriate course of conduct for such action, and the right to join and participate in such action.

7.5 Enforcement and Defense.

7.5.1 Each Party shall give the other Party notice of either (i) any infringement of Arvinas Patent Rights, Collaboration Compound Patent Rights or Joint Patent Rights, or (ii) any misappropriation or misuse of Licensed IP, in each case that is reasonably relevant to the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder and that comes to such Party's attention. Bayer and Arvinas shall thereafter consult and cooperate fully to determine a course of action, including the commencement of legal action by either or both Bayer and Arvinas, to terminate any such infringement of Arvinas Patent Rights, Collaboration Compound Patent Rights, or Joint Patent Rights, or any such misappropriation or misuse of Licensed IP, subject to the provisions set forth below.

7.5.2 Except as provided under Section 7.6, Arvinas, upon notice to Bayer, shall have the first right to initiate and prosecute any such legal action at its own expense, or to control the defense of any declaratory judgment action, relating to Arvinas Patent Rights or other Licensed IP. Bayer shall have the right to join any such action initiated by Arvinas to the extent permissible by law. With respect to any such legal action regarding an infringement of any Arvinas Patent Right that directly impacts any exclusive rights of Bayer hereunder regarding any Collaboration Compound or Product, if Arvinas does not initiate any such legal action, at least [**] prior to the deadline for bringing an action without resulting loss of rights, upon any written request by Bayer for Arvinas to do so following consultation in accordance with Section 7.5.1, Bayer shall have the right, but shall not be obligated, to bring an infringement action with respect to such infringement solely to the extent directly related to Bayer's exclusive rights hereunder (i.e., not related to any PROTACs directed to any target other than a Collaboration Target) at its own expense, and under its own direction and control, or settle any such action, proceeding or dispute by license, subject to the following. Arvinas shall have the right to participate and be represented in any such suit by its own counsel at its own expense, provided that Bayer shall retain overall responsibility for the prosecution of such suit or proceedings in such event. No settlement of any such action or proceeding which restricts the scope, or adversely affects the enforceability, of an Arvinas Patent Right, or which could be reasonably expected to have a material adverse financial impact on Arvinas, may be entered into by Bayer without the prior written consent of Arvinas, which consent shall not be unreasonably withheld, delayed or conditioned.

7.5.3 Bayer, upon notice to Arvinas, shall have the right to initiate and prosecute any legal action at its own expense and in the name of Arvinas and Bayer, as applicable, or to control the defense of any declaratory judgment action, relating to Collaboration Compound Patent Rights or Joint Patent Rights. Bayer shall promptly inform Arvinas if it elects not to exercise such right with respect to any Joint Patent Right and Arvinas shall thereafter, unless otherwise agreed by the Parties in writing, have the right to either initiate and prosecute such action or to control the defense of such declaratory judgment action with respect to such Joint Patent Right. Each Party shall have the right to be represented by counsel of its own choice. No settlement of any such action or proceeding which restricts the scope, or adversely affects the enforceability, of any Collaboration Compound Patent Right or Joint Patent Right, or which could reasonably be expected to have a material adverse financial impact on the other Party, may be entered into by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned.

7.5.4 For any action to terminate any infringement of Arvinas Patent Rights, Collaboration Compound Patent Rights or Joint Patent Rights, or any misappropriation or misuse of Licensed IP, in the event that a Party is unable to initiate or prosecute any such action permitted hereunder solely in its own name, the other Party shall join such action voluntarily and shall execute and cause its Affiliates to execute all documents necessary for such Party to initiate litigation to prosecute and maintain such action. If Yale University is required to join as a party in such action, Arvinas shall use all reasonable efforts to cause Yale University to join and provide reasonable assistance. In connection with any action brought hereunder, Bayer and Arvinas shall cooperate fully and shall provide each other with any information or assistance that either may reasonably request. The requesting Party shall reimburse the other Party for the documented external costs the other Party reasonably incurs in providing any such assistance as specifically requested in writing. Each Party shall keep the other informed of developments in any action or proceeding, hereunder including, to the extent permissible by applicable Laws, consultation on and approval of any settlement, the status of any settlement negotiations and the terms of any offer related thereto.

7.5.5 If either Party brings an action or proceeding under this Section 7.5 and subsequently ceases to pursue or withdraws from such action or proceeding, it shall promptly notify the other Party and the other Party may substitute itself for the withdrawing Party under the terms of this Section 7.5.

7.5.6 In the event that either Party exercises the rights conferred in this Section 7.5 and recovers any damages or other sums in such action, suit or proceeding or in settlement thereof, such damages or other sums recovered shall first be applied to all out-of-pocket costs and expenses incurred by the Parties in connection therewith, including attorneys' fees. Except as otherwise provided in this Section 7.5, each Party shall bear its own expenses with respect to any suit or other proceeding against an infringer. If such recovery is insufficient to cover all out-of-pocket costs and expenses of both Parties, it shall be shared in proportion to the total of such costs and expenses incurred by each Party. If after such reimbursement any funds shall remain from such damages or other sums recovered, such funds shall be divided as follows: (i) as to ordinary damages based on lost sales or profit, a) if Bayer is the Party bringing suit or bears [**]% of the out-of-pocket costs and expenses of Arvinas in such action, or if Arvinas is the Party bringing suit but Bayer has agreed as of the initiation of such action to bear [**] percent ([**]%) of the out-of-pocket costs and expenses incurred by Arvinas in connection therewith, Bayer shall retain such funds and Arvinas shall receive payment equivalent to royalty payments that would have been due to Arvinas under this Agreement had the infringing sales that Bayer lost to the infringer been made by Bayer in the Calendar Year in which the payment for damages or other settlement is received, c) and if Arvinas is the Party bringing suit and Bayer has not agreed as of the initiation of such action to bear [**] percent ([**]%) of the out-of-pocket costs and expenses incurred by Arvinas in connection therewith, Arvinas shall retain [**] percent ([**]%) of such funds and provide [**] percent ([**]%) thereof to Bayer, and (ii) as to special or punitive damages, the Parties shall collect in proportion to the ordinary damages received, provided that Arvinas shall in any event receive at least [**] percent ([**]%) thereof.

7.5.7 Bayer acknowledges that, except for the obligation to provide reasonable assistance, at the request and expense of the relevant Party bringing suit, with respect to any actions relating to the Yale Licensed Patents, Yale University shall have no obligation to participate in any of the legal actions described in this Section 7.5 unless required to do so by applicable Laws. If, in the reasonable opinion of both Bayer's and Yale University's respective counsel, Yale University is required to be a named party to any such suit for standing purposes, Bayer may join Yale University as a party; provided, however, that (i) Yale University shall not be the first named party in any such action, (ii) the pleadings and any public statements about the action shall state that the action is being pursued by Bayer and that Bayer has joined Yale University as a party; and (iii) Bayer shall keep Yale University reasonably apprised of all developments in any such action. However and in addition, Yale University shall have the right to participate in any such action through its own counsel and at its own expense.

7.5.8 Notwithstanding the foregoing, neither Bayer nor Arvinas shall have any right to take any action to enforce the Yale Licensed Patents in any of the low income countries listed on Schedule 7.5.8 where such action is intended to prevent the sale of products Covered by such Yale Licensed Patents in any such countries. However, Bayer or Arvinas may take such action in any such country, provided that such action is intended to prevent the manufacturing, processing, packaging or holding (including storage) of products Covered by such Yale Licensed Patents for export to countries that are not countries listed on Schedule 7.5.8.

7.6 **Patent Certification and Enforcement and Defense against Generic Applicant.** Arvinas shall inform Bayer of any certification reasonably relevant to the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder regarding any Arvinas Patent Rights, Collaboration Compound Patent Right or Joint Patent Rights that it has received pursuant to either 21 U.S.C. §§355(b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) or its successor provisions or any similar provisions in a country in the Territory other than the United States, and shall provide Bayer with a copy of such certification within [**] of receipt. Bayer shall inform Arvinas of any certification reasonably relevant to the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder regarding any Arvinas Patent Rights or Joint Patent Rights that it has received pursuant to either 21 U.S.C. §§355(b)(2)(A)(iv) or (j)(2)(A)(vii)(IV) or its successor provisions or any similar provisions in a country in the Territory other than the United States, and shall provide Arvinas with a copy of such certification within [**] of receipt. For countries in which there is no patent certification procedure or similar provision, each Party shall promptly give the other party notice of any Generic registration, marketing approval or launch activity relating to any Product exclusively licensed by Bayer hereunder regarding any Arvinas Patent Rights or Joint Patent Rights. Arvinas' and Bayer's rights with respect to the initiation and prosecution of any legal action as a result of such certification or activity or any recovery obtained as a result of such legal action shall be as defined in Section 7.5; provided, however, that with respect to Arvinas Patent Rights, Bayer shall have the first right to initiate and prosecute any such action, at its own expense, and shall inform Arvinas of such decision within [**] of the notification or Bayer's receipt of the certification, after which time Arvinas shall have the right to initiate and prosecute such action, at its own expense. Regardless of which Party has the right to initiate and prosecute such action, both Parties shall, as soon as practicable after receiving notice of such certification or activity, convene and consult with each other regarding the appropriate course of conduct for such action. The non-initiating Party shall have the right to be kept fully informed and participate in decisions regarding the appropriate course of conduct for such action, and the right to join and participate in such action.

7.7 **Patent Term Restoration and Extension.** The Parties agree to cooperate and to take reasonable actions to maximize the protections available under the provisions of 35 U.S.C. 102(c) under the Leahy-Smith America Invents Act for US patents and patent applications, as well as any and all patent extension provisions outside of the USA. The Parties shall cooperate with each other, including by providing necessary information and assistance as the other Party may reasonably request, in obtaining patent term extensions or supplemental protection certificates or their equivalents in any country in the Territory where applicable to Arvinas Patent Rights, Collaboration Compound Patent Rights or Joint Patent Rights and reasonably relevant to the Development or Commercialization of any Collaboration Compound or Product exclusively licensed by Bayer hereunder. In the event that elections with respect to obtaining such patent term extensions are to be made with respect to any Patent Right claiming an Invention that specifically claims Collaboration Compounds or Products subject to an exclusive license granted to Bayer hereunder, Bayer shall have the right to make the election and Arvinas agrees to abide by such election.

7.8 **Infringement Claims**. Each of Arvinas and Bayer shall promptly inform the other in writing of any written notice to it of alleged infringement or misappropriation, based on the making, using, keeping, importing, exporting or selling of a Product, of a Third Party's intellectual property rights of which it shall become aware. Neither Party shall acknowledge to a Third Party the validity of any such allegation or admit liability without the prior written consent of the other Party, such consent to not be unreasonably withheld or delayed. Bayer and Arvinas shall each keep the other advised of all material developments in the conduct of any proceedings in defending any claim of such alleged infringement or misappropriation and shall cooperate with the other in the conduct of such defense. In no event may either Party settle any such infringement or misappropriation claim in a manner that would limit the rights of the other Party or impose any obligation on the other Party, without such other Party's prior written consent, such consent not to be unreasonably withheld or delayed.

7.9 **Patent Marking**. Solely with respect to Yale Licensed Patents, to the extent commercially feasible and consistent with Bayer business practices, Bayer shall use commercially reasonable efforts to mark, and shall cause its Related Parties to use commercially reasonable efforts to mark, all Products that are manufactured or sold under this Agreement with the number of each issued Yale Licensed Patent Controlled by Arvinas that applies to such Products.

7.10 **Licensed Patent Challenges (Yale Agreement)**. The Parties acknowledge and agree that, pursuant to the Yale Agreement, Arvinas has certain obligations and may incur penalties based on (i) any challenge or opposition to the validity, patentability, enforceability or non-infringement of any of the Yale Licensed Patents (as defined herein and under the Yale Agreement), or any actions otherwise opposing any of such Yale Licensed Patents, if brought by a sublicensee of Arvinas (e.g., Bayer or its Sublicensees under this Agreement) anywhere in the world, or (ii) any assistance with respect to any of the foregoing actions which Bayer or any of its Sublicensees provides to a Third Party anywhere in the world (except as required under a court order or subpoena) (any such action or assistance under (i) or (ii), a **"Licensed Patent Challenge"**). Accordingly, Bayer hereby agrees to indemnify and hold Arvinas harmless with respect to any damages incurred by Arvinas under Section 6.3 of the Yale Agreement as a result of any Licensed Patent Challenge by Bayer or its Sublicensees. For avoidance of doubt, Bayer does not agree to indemnify Arvinas for any Licensed Patent Challenge brought by Arvinas, its Affiliates or any of its other sublicensees with respect to the Yale Agreement. In addition, Bayer hereby agrees that neither Bayer nor any of its Sublicensees shall bring a Licensed Patent Challenge without first providing Arvinas and Yale University with at least [**] prior written notice setting forth (a) those claims and patents that will be challenged or claimed not to be infringed, (b) a statement of the factual and legal basis for the challenge, and (c) an identification of prior art and other matters believed to invalidate any claim of a Yale Licensed Patent or which supports the claim that a Yale Licensed Patent is not infringed.

ARTICLE 8 TERM AND TERMINATION

8.1 **Term and Expiration.** This Agreement shall be effective as of the Effective Date and unless terminated earlier pursuant to Sections 8.2 or 8.3, this Agreement shall continue in full force and effect until one or more Products has received Marketing Authorization and, thereafter, until expiration of all payment obligations pursuant to Sections 5.3 and 5.4.

8.2 **Termination by Bayer.** Notwithstanding anything contained herein to the contrary, Bayer shall have the right to terminate this Agreement, either in its entirety or in relation to any Collaboration Target and relevant Collaboration Compounds and Products under this Agreement, at any time for any or no reason in its sole discretion by giving sixty (60) days' advance written notice to Arvinas.

8.3 **Termination for Cause; Deemed Termination.**

8.3.1 Cause for Termination**.** This Agreement may be terminated at any time during the term of this Agreement:

(a) upon written notice by a Party if the other Party is in material breach of its material obligations hereunder and has not cured such breach within [**] after notice requesting cure of the breach (except to the extent such breach involves the failure to make a payment when due, which breach must be cured within [**] following such notice); provided, however, in the event of a good faith dispute with respect to the existence of such material breach, the relevant cure period shall be tolled until such time as such dispute is resolved pursuant to Section 10.7; or

(b) by either Party upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors by the other Party; provided, however, that in the case of any involuntary bankruptcy proceeding such right to terminate shall only become effective if the Party consents to the involuntary bankruptcy or such proceeding is not dismissed within [**] after the filing thereof.

(c) Notwithstanding the foregoing, any termination of this Agreement by Bayer pursuant to Section 8.3.1(a) shall apply to this Agreement in its entirety, or be limited in force and effect to the Collaboration Target to which such material breach relates, as Bayer may elect in its sole discretion in writing at the time of termination, and any termination of this Agreement by Arvinas pursuant to Section 8.3.1(a) for breach shall be limited in force and effect to the Collaboration Target(s) (and related Collaboration Compounds and Products) to which such material breach relates.

8.3.2 Deemed Termination. Notwithstanding any other provision hereof, in the event that all Licenses have been terminated in accordance with this Agreement, this Agreement shall be deemed terminated in entirety as of the date of termination of the last License to be terminated.

8.4 Effect of Termination.

8.4.1 Termination Pursuant to Section 8.2.

(a) In the event of termination of this Agreement in its entirety by Bayer under Section 8.2, the Research Term and the Research Program shall terminate, all rights and licenses granted by Arvinas to Bayer under this Agreement with respect to all Collaboration Targets and Collaboration Compound IP shall terminate, and any and all exclusivity pursuant to Section 2.8 shall terminate.

(b) In the event of partial termination of this Agreement by Bayer under Section 8.2 with respect to any Collaboration Target, the Research Program shall terminate with respect to such Collaboration Target, all rights and licenses granted by Arvinas to Bayer under this Agreement with respect to the relevant Collaboration Target and related Collaboration Compound IP shall terminate, and any exclusivity pursuant to Section 2.8 with respect to the relevant Collaboration Target shall terminate.

8.4.2 Termination Pursuant to Section 8.3.1.

(a) In the event of partial termination of this Agreement by Arvinas under Section 8.3.1(a) with respect to any Collaboration Target, the Research Program shall terminate with respect to such Collaboration Target, all rights and licenses granted by Arvinas to Bayer under this Agreement with respect to the relevant Collaboration Target and related Collaboration Compound IP shall terminate, and any exclusivity pursuant to Section 2.8 with respect to the relevant Collaboration Target shall terminate.

(b) In the event of termination of this Agreement in its entirety by Arvinas pursuant to Section 8.3.1, the Research Term and the Research Program shall terminate, all rights and licenses granted by Arvinas to Bayer under this Agreement with respect to all Collaboration Targets and Collaboration Compound IP shall terminate, and any and all exclusivity pursuant to Section 2.8 shall terminate.

(c) In the event of termination of this Agreement in its entirety by Bayer pursuant to Section 8.3.1, the Research Term and the Research Program shall terminate, all rights and licenses granted by Arvinas to Bayer under this Agreement with respect to all Collaboration Targets and Collaboration Compound IP shall terminate, and any and all exclusivity pursuant to Section 2.8 shall terminate except as expressly provided below; provided, however, that Bayer may elect, by written notice to Arvinas delivered prior to the effective date of termination, with respect to any Collaboration Target for which Collaboration Compounds meeting relevant Bayer criteria have been identified under the Research Program and delivered to Bayer as of the relevant time, to retain its License under Section 3.1 and rights to related Collaboration Compound IP with respect to the relevant Collaboration Target in accordance with the terms of this Agreement, and associated payments accruing after the effective date of termination shall be owed and made in accordance with the terms of Article 5; provided, further, that in the event of termination by Bayer in accordance with Section 8.3.1(a), any such payments accruing after the effective date of termination shall be reduced by [**] percent ([**]%) from the amount otherwise owed. In the event of any such retained License, exclusivity pursuant to Section 2.8 shall continue with respect to the applicable Collaboration Target for the duration of such retained License.

(d) In the event of partial termination of this Agreement by Bayer pursuant to Section 8.3.1 with respect to any Collaboration Target, the Research Program shall terminate with respect to such Collaboration Target, all rights and licenses granted by Arvinas to Bayer under this Agreement with respect to the relevant Collaboration Target and related Collaboration Compound IP shall terminate, and any exclusivity pursuant to Section 2.8 with respect to the relevant Collaboration Target shall terminate.

8.4.3 Other.

(a) Upon termination of this Agreement pursuant to Section 8.2 or pursuant to Section 8.3, Bayer and its Related Parties shall be entitled, during the [**] period immediately following the effective date of termination, to finish any work-in-progress and to sell any Product or Collaboration Compound for which rights have been terminated remaining in inventory, subject to compliance with the terms of this Agreement including those regarding the payment of royalties.

(b) For clarity, and notwithstanding any other provision hereof, any rights that have become fully paid and perpetual in accordance with Section 5.4.1(c) shall survive any termination of this Agreement.

(c) No later than [**] after the effective date of any such termination, each Party shall return or cause to be returned to the other Party all Confidential Information of the other Party relevant to the terminated rights that is in tangible form and all copies thereof; provided, however, that each Party may retain any such Confidential Information to the extent reasonably necessary for such Party's continued practice under any license(s) or rights which do not terminate pursuant to this Article 8, and may keep one copy of Confidential Information received from the other Party in its confidential files for record purposes. In addition, Bayer shall, within [**] after the effective date of such termination by Arvinas, return or cause to be returned to Arvinas all relevant substances or compositions delivered or provided by Arvinas hereunder, as well as any other relevant material provided by Arvinas in any medium, provided, however, that Bayer may retain any such materials to the extent reasonably necessary for Bayer's continued practice under any license(s) or rights which do not terminate pursuant to this Article 8.

(d) All licenses and rights to licenses granted under or pursuant to this Agreement by Arvinas to Bayer are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code (i.e., Title 11 of the U.S. Code) (the **"Code"**), licenses of rights to "intellectual property" as defined under Section 101(35A) of the Code. If (a) a case under the Code is commenced by or against Arvinas, (b) this Agreement is rejected as provided in the Code and (c) Bayer elects to retain its rights hereunder as provided in Section 365(n) of the Code, then Arvinas (in any capacity, including debtor-in-possession) and its successors and assigns (including any trustee) shall provide to Bayer all intellectual property licensed by Bayer hereunder, and agrees to grant and hereby grants to Bayer and its Affiliates a right to access and to obtain possession of and to benefit from and, in the case of any chemical or biological material or other tangible item of which there is a fixed or limited quantity, to obtain a pro rata portion of, all "embodiments" of intellectual property licensed hereunder pursuant to Section 365(n) of the Bankruptcy Code, and all other embodiments of such intellectual property in the possession and

control of any Third Party but which Arvinas has the right to access or benefit from and to make available to Bayer. Arvinas shall not interfere with the exercise by Bayer or its Affiliates of rights and licenses to intellectual property licensed hereunder and embodiments thereof in accordance with this Agreement. The foregoing provisions of this Section 8.4.3 (d) are without prejudice to any rights Bayer may have arising under the Code or other applicable Laws.

8.4.4 Additional Effects of Expiration or Termination; Survival. Notwithstanding any other provision of this Article 8, (a) expiration or termination of this Agreement shall not relieve the Parties of any obligation (including any payment obligation) accruing prior to such expiration or termination, (b) any expiration or termination of this Agreement shall be without prejudice to the rights of either Party against the other accrued or accruing under this Agreement prior to expiration or termination, including the obligation to pay royalties for Product or Collaboration Compound sold prior to such expiration or termination, and (c) the provisions of Article 1, Article 4, Article 6, Article 7, Article 8, Article 9 and Article 10, and Sections 2.6.1, 2.6.2, 2.7, 2.9, 2.10, 2.11, 3.1.4, 3.3, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12 and 5.13, shall survive any expiration or termination of this Agreement.

ARTICLE 9 INDEMNITY; LIMITATION OF LIABILITY

9.1 **Bayer Indemnity Obligations.** Bayer agrees to defend Arvinas, its Affiliates and their respective directors, officers, employees and agents (collectively, the **"Arvinas Indemnitees"**), and shall indemnify and hold harmless the Arvinas Indemnitees, from and against any liabilities, losses, costs, damages, fees or expenses payable to a Third Party, and reasonable attorney's fees and other legal expenses with respect thereto, arising out of any claim, action, lawsuit, or other proceeding (collectively, **"Losses and Claims"**) brought against any Arvinas Indemnitee by a Third Party to the extent resulting from or relating to: (a) the manufacture, use, handling, storage, sale or other disposition of any Collaboration Compound or Product in the Territory by Bayer or its Related Parties, including product liability claims, (b) any breach by Bayer of any of its representations, warranties or obligations pursuant to this Agreement, or (c) the gross negligence or willful misconduct of Bayer or any Related Party; except in any such case to the extent such Losses and Claims result from: (i) the gross negligence or willful misconduct of any Arvinas Indemnitee, or (ii) any breach by Arvinas of any of its representations, warranties or obligations pursuant to this Agreement.

9.2 **Arvinas Indemnity Obligations.** Arvinas agrees to defend Bayer, its relevant Related Parties and their respective directors, officers, employees and agents (collectively, the **"Bayer Indemnitees"**), and shall indemnify and hold harmless the Bayer Indemnitees, from and against any Losses and Claims brought against any Bayer Indemnitee by a Third Party to the extent resulting from or relating to: (a) any personal injury claims arising in the course of the performance by Arvinas, its Affiliates or its subcontractors of its activities under the Research Program, (b) any breach by Arvinas of any of its representations, warranties or obligations pursuant to this Agreement, or (c) the gross negligence or willful misconduct of any Arvinas Indemnitee.

9.3 **Procedure.** If any Arvinas Indemnitee or Bayer Indemnitee (each, an **"Indemnitee"**) intends to claim indemnification under this Article 9, the Indemnitee shall promptly notify the other Party (the **"Indemnitor"**) of any Losses and Claims for which the Indemnitee intends to claim such indemnification, and the Indemnitor shall assume the defense thereof with counsel selected by the Indemnitor and reasonably acceptable to the Indemnitee, provided, however, that an Indemnitee

shall have the right to retain its own counsel, with the fees and expenses to be paid by the Indemnitee (and, for clarity, not to be included in Losses and Claims), if representation of such Indemnitee by the counsel retained by the Indemnitor would be inappropriate due to actual or potential differing interests between such Indemnitee and any other Party represented by such counsel in such proceedings. The Indemnitor shall have the right to settle or compromise any claims for which it is providing indemnification under this Article 9, provided that the consent of the Indemnitee (which shall not be unreasonably withheld or delayed) shall be required in the event any such settlement or compromise would adversely affect the interests of the Indemnitee. The indemnity agreement in this Article 9 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the Indemnitor. The failure to deliver notice to the Indemnitor within a reasonable time after the commencement of any such action, if prejudicial to the Indemnitor's ability to defend such action, shall relieve such Indemnitor of any liability to the Indemnitee under this Article 9, but the omission so to deliver notice to the Indemnitor shall not relieve it of any liability that it may have to any Indemnitee otherwise than under this Article 9. The Indemnitee under this Article 9, its employees and agents, shall cooperate fully with the Indemnitor and its legal representatives in the investigation of any action, claim or liability covered by this indemnification.

9.4 **Limitation of Liability.** Neither Party hereto shall be liable for indirect, incidental, consequential, special, exemplary, punitive or multiple damages arising in connection with this Agreement or the exercise of its rights hereunder, or for lost profits arising from or relating to any breach of this Agreement, regardless of any notice of such damages, provided, however, that this Section 9.4 shall not limit or restrict (i) damages available for breaches of confidentiality obligations Article 4 or (ii) the indemnification obligations of either Party pursuant to this Article 9.

9.5 **Insurance.** Each Party warrants that it maintains a policy or program of insurance or self-insurance at levels sufficient to support the indemnification obligations assumed herein. Upon request, a Party shall provide evidence of such insurance.

ARTICLE 10 MISCELLANEOUS

10.1 **Force Majeure.** Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, potentially including embargoes, war, acts of war (whether war be declared or not), acts of terrorism, insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, or other acts of God, or acts, omissions or delays in acting by any governmental authority or the other Party. The affected Party shall notify the other Party of such force majeure circumstances as soon as reasonably practical, and shall promptly undertake all reasonable efforts necessary to cure such force majeure circumstances.

10.2 **Assignment.**

10.2.1 Except as provided in this Section 10.2, this Agreement may not be assigned or otherwise transferred, nor may any right or obligation hereunder be assigned or transferred, by either Party without the consent of the other Party. Any attempted assignment not in accordance with this Section 10.2 shall be void. Any permitted assignee shall assume all assigned obligations of its assignor under this Agreement.

10.2.2 Bayer may, without consent of Arvinas, assign this Agreement and its rights and obligations hereunder in whole or in part to an Affiliate of Bayer or to the successor party in connection with a Change of Control. Arvinas may, without consent of Bayer, assign this Agreement in its entirety to the successor party in connection with a Change of Control. Each Party agrees that, notwithstanding any provisions of this Agreement to the contrary, in the event that this Agreement is assigned by a Party in connection with a Change of Control, such assignment shall not provide the non-assigning Party with rights or access to independently owned or acquired intellectual property or technology of the acquirer of the assigning Party.

10.3 **Use of Affiliates.** Bayer shall have the right to exercise its rights and perform its obligations under this Agreement either itself or through any of its Affiliates, provided that Bayer shall at all times remain liable for the actions or inactions of any such Affiliate.

10.4 **Severability.** If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use reasonable efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

10.5 **Notices.** All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by nationally-recognized overnight courier providing evidence of receipt, or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to Arvinas, to:	Arvinas Operations, Inc. 5 Science Park 395 Winchester Ave New Haven CT 06511 USA Attention: Chief Executive Officer
And with copy to:	Arvinas Operations, Inc. 5 Science Park 395 Winchester Ave New Haven CT 06511 USA Attention: Office of Counsel
if to Bayer, to:	Bayer AG [**] Attention: [**] Telephone: [**] With copy to: Bayer AG [**] Attention: Head of Law BP Pharmaceuticals Research & Development Telephone: [**]
If to Yale University (pursuant to Section 7.10), to:	Managing Director Yale University Office of Cooperative Research 433 Temple Street New Haven, CT 06511 USA

or to such other address(es) as the Party or Person to whom notice is to be given may have furnished to the other Parties in writing in accordance herewith. Any such notice shall be deemed to have been given: (a) when delivered if personally delivered; (b) on the date of confirmed receipt if sent by nationally-recognized overnight courier; or if sent by registered or certified mail.

10.6 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the [**], without regard to its conflicts of law provisions.

10.7 Dispute Resolution.

10.7.1 The Parties shall seek to settle amicably any and all disputes or differences arising out of or in connection with this Agreement. If a dispute between the Parties arising out of or relating to the validity or interpretation of, compliance with, breach or alleged breach of or termination of this Agreement cannot be resolved within [**] of presentation to the Chief Executive Officer of Arvinas and the Head of R&D Open Innovation of Bayer, or their respective designees, for resolution, either Party may refer such dispute to binding arbitration to be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce (**"ICC Rules"**), by three arbitrators as set forth below in this Section 10.7. For clarification, following presentation to such senior executives for resolution, any dispute within the JSC's decision-making authority shall be finally decided in accordance with any final decision-making authority specified pursuant to Section 2.4.3 and shall not be arbitrable.

10.7.2 A Party may submit such dispute to arbitration by notifying the other Party, in writing, of such dispute. Within [**] after receipt of such notice, each Party shall designate in writing one arbitrator and the two Party-selected arbitrators shall select a third arbitrator with relevant industry experience to constitute a panel of three arbitrators to conduct the arbitration in accordance with the ICC Rules. The International Bar Association Rules on the Taking of Evidence in International Commercial Arbitration shall govern the taking of evidence in any such proceeding. The governing law in Section 10.6 shall govern any such proceedings. The language of the arbitration shall be English.

10.7.3 Within [**] after the designation of the arbitrators, the arbitrators and the Parties shall meet, and each Party shall provide to the arbitrators a written summary of all disputed issues, such Party's position on such disputed issues and such Party's proposed ruling on the merits of each such issue. The arbitrators shall set a date for a hearing, which shall be no later than [**] after the submission of such written proposals, for the presentation of evidence and legal argument concerning each of the issues identified by the Parties. The Parties shall have the right to be represented by counsel. The arbitrators shall use best efforts to rule on each disputed issue within [**] after completion of the hearing described above.

10.7.4 The determination of the arbitrators as to the resolution of any dispute shall be binding and conclusive upon all Parties. All rulings of the arbitrators shall be in writing and shall be delivered to the Parties except to the extent that the ICC Rules provide otherwise. Nothing contained herein shall be construed to permit the arbitrators to award punitive, exemplary or any similar damages.

10.7.5 The (i) attorneys' fees of the Parties in any arbitration, (ii) fees of the arbitrator and (iii) costs and expenses of the arbitration shall be borne by the Parties in a proportion determined by the arbitrators. Unless the arbitrators determine that equity requires otherwise, the arbitrators shall award to the prevailing Party (as determined by the arbitrators) the costs of the arbitration, as well as the reasonable, out-of-pocket fees and expenses of the prevailing Party's attorneys.

10.7.6 Any arbitration pursuant to this Section 10.7 shall be conducted in a place to be mutually agreed, provided that if the Parties cannot agree on such place, the arbitration shall be conducted in [**]. Any arbitration award may be entered in and enforced by any court of competent jurisdiction.

10.7.7 Notwithstanding anything in this Section 10.7, each Party shall have the right to seek injunctive or other equitable relief from a court of competent jurisdiction that may be necessary to avoid irreparable harm, maintain the status quo or preserve the subject matter of the arbitration.

10.7.8 The Parties agree that any payments that are made by one Party to the other Party pursuant to this Agreement pending resolution of any dispute shall be promptly refunded if the arbitrators or a court determine(s) pursuant to this Section 10.7 that such payments are to be refunded by one Party to the other Party.

10.8 **Entire Agreement; Amendments.** This Agreement, together with the Schedules and Exhibits hereto and the other agreements referenced herein, contains the entire understanding of the Parties with respect to the Research Program and the licenses granted hereunder. Any other express or implied agreements and understandings, negotiations, writings and commitments, either oral or written, with respect to the Research Program and the licenses granted hereunder are superseded by the terms of this Agreement. The Schedules and Exhibits to this Agreement are incorporated herein by reference and shall be deemed a part of this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representative(s) of both Parties hereto.

10.9 **Headings.** The captions to the several Articles, Sections and subsections hereof are not a part of this Agreement, but are merely for convenience to assist in locating and reading the several Articles and Sections hereof.

10.10 **Independent Contractors.** It is expressly agreed that Arvinas and Bayer shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. Neither Arvinas nor Bayer shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

10.11 **Waiver.** The waiver by either Party hereto of any right hereunder, or of any failure of the other Party to perform, or of any breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach by or failure of such other Party whether of a similar nature or otherwise.

10.12 **Cumulative Remedies.** No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under applicable Laws.

10.13 **Waiver of Rule of Construction.** Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

10.14 **Certain Conventions.** Any reference in this Agreement to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit shall be deemed to be a reference to an Article, Section, subsection, paragraph, clause, Schedule or Exhibit, of or to, as the case may be, this Agreement, unless otherwise indicated. Unless the context of this Agreement otherwise requires, (a) words of any gender include each other gender, (b) words such as “herein”, “hereof”, and “hereunder” refer to this Agreement as a whole and not merely to the particular provision in which such words

appear, (c) words using the singular shall include the plural, and vice versa, (d) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (e) the word “will” shall be construed to have the same meaning and effect as the word “shall”, and (f) the word “any” shall mean “any and all” unless otherwise clearly indicated by context, (h) the word “notice” means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder “agree,” “consent” or “approve” or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, and (k) the term “or” shall be interpreted in the inclusive sense commonly associated with the term “and/or.”

10.15 **Business Day Requirements.** In the event that any notice or other action or omission is required to be taken by a Party under this Agreement on a day that is not a business day, then such notice or other action or omission shall be deemed to be required to be taken on the next occurring business day.

10.16 **Further Assurances.** Each Party agrees to do and perform all such further acts and things and shall execute and deliver such other agreements, certificates, instruments and documents reasonably necessary in order to carry out the mutual intent and accomplish the purposes of this Agreement and, at the other Party’s reasonable request and expense, to evidence, perfect or otherwise confirm such other Party’s rights hereunder.

10.17 **Counterparts.** This Agreement may be signed in any number of counterparts (including by facsimile or electronic transmission), each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

- **Next Page is the signature page.** -

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

ARVINAS OPERATIONS, INC.

By:	/s/ John Houston
Name:	John Houston
Title:	President & CEO
Date:	June 3, 2019

BAYER AG

By:	/s/ Prof. Dr. Michael Brands
Name:	Prof. Dr. Michael Brands
Title:	SVP, Head Small Molecule Innovation
Date:	June 3, 2019

By:	/s/ Dr. Hilmar Weinmann
Name:	Dr. Hilmar Weinmann
Title:	Head, BPH-DD-SMI-MCB-MCI
Date:	June 3, 2019

Exhibit 10.2

EXECUTION VERSION

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the Company, if publicly disclosed. Double asterisks denote omissions.

COMMITMENT AGREEMENT

This Commitment Agreement (this "Agreement"), is entered into as of June 3, 2019, by and among Protag LLC, a Delaware limited liability company (the "Company"), Arvinas Operations, Inc., a Delaware corporation ("Arvinas"), and Bayer CropScience LP, a Delaware ("Bayer", and together with Arvinas, the "Committers" and each individually, a "Committer", and Bayer and Arvinas, collectively with the Company, the "Parties" and each individually, a "Party"). Each of Arvinas, Inc. and Bayer AG will be a Party to this Agreement solely for purposes of Article IV and Article IX until the consummation of the Closing.

RECITALS

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with matters relating to the formation and operation of the Company, including without limitation the funding of the Company (the "Funding") and to prescribe various conditions to the Funding, in each case as further set forth herein;

WHEREAS, upon receipt of the Initial Cash Injection from Bayer and the completion of the In-Kind Contributions contemplated by Section 2.1(b) from each Committer, each Committer will own 4,250,000 Common Units;

WHEREAS, prior to or in connection with, and as a condition to the Closing, each of the Parties (and/or certain of its Affiliates) will enter into the other Transaction Documents to which it is a party and that certain Amended and Restated Limited Liability Company Agreement of the Company (as amended, restated, supplemented and/or otherwise modified from time to time, the "LLC Agreement"), in substantially the form attached hereto as Exhibit A;

WHEREAS, on the date hereof, and as a condition to the Closing, Bayer AG and Arvinas entered into that certain Collaboration and License Agreement (the "Collaboration Agreement"); and

WHEREAS, on the date hereof, and as a condition to the Closing, Bayer AG and Arvinas, Inc. entered into that certain Stock Purchase Agreement (the "Stock Purchase Agreement").

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms will have the meanings set forth in this Article I. Any capitalized term used but not defined herein will have the meaning set forth in the form of LLC Agreement attached hereto as Exhibit A (prior to its execution) and the LLC Agreement (following its execution) or any Annex attached hereto.

"AAA Rules" has the meaning set forth in Section 6.4(a).

"Accountant" has the meaning set forth in Annex II.

"Accounting Referee" has the meaning set forth in Annex II.

"Aggregate Costs" means the actual cash expenditures of the Company and the Company Subsidiaries through and including the applicable date.

"Agreement" has the meaning set forth in the Introduction.

"Agriculture Company" has the meaning set forth in Annex II.

"Anti-Corruption Laws" means any law related to bribery or corruption of any jurisdiction in which a Person or its Affiliates transacts business, including without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, and similar anti-bribery legislation applicable to such Person or its Affiliates.

"Anti-Corruption Prohibited Activity" means directly or indirectly promising, offering, making, or authorizing the provision of anything of value to any governmental official or employee of a state-owned or state-sponsored entity, candidate for political office, or to any private individual or entity, (a) for the purpose of obtaining or retaining an improper business advantage, (b) which would cause the recipient to violate the policies of his or her employer or to breach an obligation of good faith or loyalty, or (c) which would otherwise violate the provisions of the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act 2010, and similar anti-bribery legislation applicable to a Person or its Affiliates.

"Anti-Money Laundering Laws" will mean applicable financial recordkeeping and reporting requirements of the Money Laundering Regulations 2007, as amended, the U.S. Currency and Foreign Transaction Reporting Act of 1970, as amended, the EU Anti-Money Laundering Directives, and any similar applicable law or regulation related to anti-money laundering.

"Applicable Field" means the sub-field of the Field in which a Company Product will be and is Researched, Developed, Manufactured, used and Commercialized by or on behalf of Company, as specified in the applicable Program Research Plan.

"Arbitration Matter" has the meaning set forth in Section 6.1(c).

"Arvinas" has the meaning set forth in the Introduction.

"Arvinas Bad Actor Termination" means a termination of this Agreement pursuant to any of the following: Section 6.1(a)(v) (if Arvinas is the Breaching Party); Section 6.1(a)(vi) (if Arvinas or one of its Affiliates is the Breaching Party); or Section 6.1(a)(vii) (if Arvinas is the Party subject to the Bankruptcy).

"Arvinas Contributed IP" has the meaning set forth in the Arvinas IP Contribution Agreement.

"Arvinas Covenant Beneficiaries" means Arvinas and its Affiliates, licensees and sublicensees, and any of its or their direct or indirect licensees, sublicensees, importers, exporters, suppliers, manufacturers, distributors, contractors, agent and customers.

"Arvinas IP Contribution Agreement" means that certain Arvinas IP Contribution Agreement by and between Arvinas and the Company, a form of which is attached hereto as Exhibit C.

"Arvinas Services Agreement" means that certain Arvinas Master Services Agreement by and between Arvinas and the Company, a form of which is attached hereto as Exhibit E.

"Assigned Product" has the meaning set forth in Annex II.

"Assumption Costs" has the meaning set forth in Section 6.2(b)(vii).

"Audit" has the meaning set forth in Annex II.

"Bayer" has the meaning set forth in the Introduction.

"Bayer Bad Actor Termination" means a termination of this Agreement pursuant to any of the following: Section 6.1(a)(iv); Section 6.1(a)(v) (if Bayer is the Breaching Party); Section 6.1(a)(vi) (if Bayer or one of its Affiliates is the Breaching Party); or Section 6.1(a)(vii) (if Bayer is the Party subject to the Bankruptcy).

"Bayer Cash Commitment" has the meaning set forth in Section 2.1(a).

"Bayer Contributed IP" has the meaning set forth in the Bayer IP Contribution Agreement.

"Bayer IP Contribution Agreement" means that certain Bayer IP Contribution Agreement by and between Bayer and the Company, a form of which is attached hereto as Exhibit B.

"Bayer Services Agreement" means that certain Bayer Master Services Agreement by and between Bayer and the Company, a form of which is attached hereto as Exhibit D.

"Biannual Period" has the meaning set forth in Annex II.

"Board" means the Board of Managers of the Company.

"Breach" has the meaning set forth in Section 6.3.

"Breaching Party" has the meaning set forth in Section 6.3.

"Budget" means the Initial Budget or the Rolling Budget then in effect.

"Budget Cycle Date" means, with respect to a Second Stage Product or Third Stage Product, the earliest to occur of (a) the date that Bayer finalizes its first annual budget process following the Good Actor Termination Date for such product, (b) [**] following the Good Actor Termination Date for such product, and (c) a willful and material breach of the Diligence Obligations for such product by Bayer or any of its Affiliates.

"Budgetary Funding Notice" has the meaning set forth in Annex I.

"Calendar Quarter" means each of the following three (3) month periods during each Calendar Year: January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31.

"Cash Injection" means the Initial Cash Injection and/or the Subsequent Cash Injection, as applicable.

"Cash Requirements" has the meaning set forth in Annex I.

"Cessation Date" has the meaning set forth in Annex II.

"Closing" has the meaning set forth in Section 2.2.

"Closing Date" has the meaning set forth in Section 2.2.

"Collaboration Agreement" has the meaning set forth in the Recitals.

"Commercialize", "Commercializing" or similar term has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Commercially Reasonable Efforts" has the meaning set forth in Annex II.

"Committer" has the meaning set forth in the Introduction.

"Committer Research Product" has the meaning set forth in Section 5.3.

"Company" has the meaning set forth in the Introduction.

"Company In-Licenses" has the meaning set forth in Section 6.2(b)(v).

"Company IP" has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Company Non-IP Assets" means the assets of the Company and its Subsidiaries at the time of the applicable Termination Event, other than cash and the Company IP.

"Company Parties" has the meaning set forth in Section 7.13.

"Company Product" has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Confidential Information" has the meaning set forth in Section 5.2(a).

"Covenant Beneficiaries" has the meaning set forth in the Bayer IP Contribution Agreement.

"Covenant Patents" has the meaning set forth in the Bayer IP Contribution Agreement.

"CRE Period" has the meaning set forth in Annex II.

"Cure Period" has the meaning set forth in Section 6.3.

"Deemed Cash Requirements" has the meaning set forth in Annex I.

"Develop", "Developing" or similar term has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Diligence Obligations" has the meaning set forth in Annex II.

"Dispute Notice" has the meaning set forth in Annex II.

"Dispute Period" has the meaning set forth in Annex II.

"Disclosing Party" has the meaning set forth in Section 5.2(a).

"Divestiture" has the meaning set forth in Annex II.

"DOJ" means the U.S. Department of Justice.

"FTC" means the U.S. Federal Trade Commission.

"Estimated Dissolution Costs" means a reasonable and good faith estimate of the liabilities, costs and expenses caused by or required for the dissolution and winding-up of the Company and the Company Subsidiaries (including the expenses of liquidation and reserves reasonably necessary for fully discharging any contingent, unforeseen liabilities and obligations or any long-term obligations of the Company and the Company Subsidiaries) as provided for in the Budget in effect on the applicable date (or as otherwise approved by the Board with the Requisite Approval at the time of the Termination Event), together with an estimate of any other unpaid debts and liabilities due to the Company's and the Company Subsidiaries' creditors at such time as reasonably determined by the Board. The Estimated Dissolution Costs should assume the survival of the Company and the Company Subsidiaries (limited company existence with no active trade or business other than ongoing obligations with respect to any Product Transfer Agreements) for at least a period of three years following a Termination Event.

"Excluded Matters" has the meaning set forth in Section 7.13.

"Exclusivity Research Exception" has the meaning set forth in Section 5.3.

"Expected Cash" has the meaning set forth in Annex I.

"Field" means any and all agricultural purposes.

"First Stage Product" means a Company Product with a chimeric PROTAC lead structure [**].

"Funding" has the meaning set forth in the Recitals.

"Funding Date" means the date of any Cash Injection.

"Funding Outside Date" has the meaning set forth in Annex I.

"Good Actor Termination" means a termination of this Agreement pursuant to any of the following: Section 6.1(a)(i); Section 6.1(a)(ii); or Section 6.1(a)(iii).

"Good Actor Termination Date" has the meaning set forth in Annex II.

"Goodwin" has the meaning set forth in Section 7.13.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (15 U.S.C. Sec. 18a), and the rules and regulations promulgated thereunder.

"HSR Clearance" means, with respect to any HSR Filings, either (i) early termination of the applicable waiting period under the HSR Act or (ii) expiration of the applicable waiting period under the HSR Act.

"HSR Filing" means any filings by Bayer AG or Arvinas, Inc. with the FTC and the Antitrust Division of the DOJ pursuant to the HSR Act with respect to the Transactions.

"In-Kind Contribution" has the meaning set forth in Section 2.1(b).

"In-Licensed Company IP" has the meaning set forth in Section 6.2(b)(v).

"Initial Budget" means the budget of the Company for the portion of the fiscal year 2019 following the Closing Date and fiscal year 2020.

"Initial Business Plan" means the business plan of the Company for the portion of the fiscal year 2019 following the Closing Date and fiscal year 2020.

"Initial Cash Injection" means, with respect to Bayer, $16 million.

"Initial Investment Budget" means the investment budget of the Company for the portion of the fiscal year 2019 following the Closing Date and fiscal year 2020.

"Initial Research Plan" means the initial research plan of the Company.

"Intellectual Property Management Agreement" means that certain Intellectual Property Management Agreement by and among Bayer, Arvinas and the Company a form of which is attached hereto as Exhibit F.

"Know-How" has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Licensed Yale IP" has the meaning set forth in the Arvinas IP Contribution Agreement.

"Life Cycle Management" means the range of activities to be performed on a Company Product after such Company Product has been Commercialized in the Applicable Field or a subset of the Applicable Field at the time of Good Actor Termination for the purpose of maximizing the value of such Company Product for as long as reasonably practicable and in the exercise of Commercially Reasonable Effort. Life Cycle Management activities may include, but are not limited to, improving the formulation, using such Company Product in combinations with other products, expanding the label to include additional use(s) of such Company Product in the Applicable Field or a subset of the Applicable Field or geography of registration, or extending the patent life of such Company Product.

"Life Cycle Management Cost" means, with respect to such Second Stage Product or Third Stage Product, the reasonable investments made by Bayer to maximize sales and profits of such Second Stage Product or Third Stage Product in connection with the performance of Life Cycle Management to satisfy the Diligence Obligations for such Second Stage Product or Third Stage Product.

"Liquidation Event" has the meaning set forth in Annex I.

"LLC Agreement" has the meaning set forth in the Recitals.

"Manufacture" or "Manufacturing" has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Net Revenue" means, with respect to a Second Stage Product or Third Stage Product sold by Bayer or its Affiliates to any third Person for the applicable Calendar Quarter, (a) the aggregate gross amounts invoiced by Bayer and its Affiliates for sales, licenses, sublicenses or other similar transaction of such Second Stage Product or Third Stage Product in such Calendar Quarter (other than Net Revenue Exclusions), minus (b) (i) insurance, customs charges and duties, and freight to the extent separately identified on the invoice and attributable to such sales of such Second Stage Product or Third Stage Product, (ii) sales and excise taxes or customs duties and any other governmental charges actually paid by Bayer and its Affiliates that are incurred at time of sale or are directly related to such sales of such Second Stage Product or Third Stage Product and not otherwise previously deducted, (iii) allowances actually granted or allowed directly relating such sales of such Second Stage Product or Third Stage Product, (iv) normal trade, cash and quantity discounts actually accrued or paid in the ordinary course of business consistent in connection with such sales of such Second Stage Product or Third Stage Product, and (v) allowances or credits to customers actually accrued or paid, to the extent not in excess of the selling price recognized by Bayer and its Affiliates for such sales of such Second Stage Product or Third Stage Product, on account of rejection or return of any such Second Stage Product or Third Stage Product.

"Net Revenue Exclusion" means: (a) transfers or dispositions of the Second Stage Product or Third Stage Product on a non-profit basis and in line with normal industry practice, (i) for charitable purposes, (ii) for field tests, or (iii) for regulatory or governmental purposes; or (b) transfers or dispositions of free promotional samples of Second Stage Product or Third Stage Product in line with normal industry practice.

"Net Revenue Report" has the meaning set forth in Annex II.

"Option Agreement" means that certain Option Agreement by and among the Company, Bayer and Arvinas, a form of which is attached hereto as Exhibit G.

"Parties" has the meaning set forth in the Introduction.

"Patent(s)" has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Pre-Closing Period" means the period from the date hereof until the Closing.

"Pre-Qualified Future Program List" has the meaning set forth in the Bayer IP Contribution Agreement.

"Product Transfer Agreement" has the meaning set forth in the Option Agreement.

"Program Research Plan" means the research plan for each Company Product, as amended from time to time.

"PROTAC" has the meaning set forth in the Arvinas IP Contribution Agreement.

"Receiving Party" has the meaning set forth in Section 5.2(a).

"Relevant Acquisition" has the meaning set forth in Section 5.3.

"Reporting Period" has the meaning set forth in Annex I.

"Research" has the meaning set forth in the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement.

"Rolling Budget" has the meaning set forth in Annex I.

"Rolling Business Plan" has the meaning set forth in Annex I.

"Rolling Investment Budget" has the meaning set forth in Annex I.

"Second Stage Product" means a Company Product with a biologically active PROTAC [**].

"Services Agreements" means the Arvinas Services Agreement and the Bayer Services Agreement.

"Stock Purchase Agreement" has the meaning set forth in the Recitals.

"Stock Purchase Closing" means the Closing (as defined in the Stock Purchase Agreement).

"Subsequent Cash Injection" means an additional funding event related to the Bayer Cash Commitment (in addition to Bayer's Initial Cash Injection). Subject to payment in full of the prior funds payable hereunder, the aggregate amount of the Subsequent Cash Injections to be made by Bayer will equal, and not exceed without its consent, the Bayer Cash Commitment minus Bayer's Initial Cash Injection (the "Subsequent Cash Injection Cap").

"Surviving Terms" means Section 5.2, Section 6.2, Section 6.3, Article VII, Sections 1(c)(iii)-(iv) of Annex I and Annex II.

"Termination Date" has the meaning set forth in Section 2.4(b)(ii).

"Termination Event" means a Good Actor Termination, a Bayer Bad Actor Termination or a Arvinas Bad Actor Termination.

"Termination Funded Cash" means, if positive, any cash Capital Contribution funded by Bayer in connection with a Termination Event or Liquidation Event, as contemplated by Annex I, reduced by (a) the Estimated Dissolution Costs to the extent not covered by the cash at the Company and the Company Subsidiaries and (b) any unpaid, cash Capital Contribution required to be funded by Bayer pursuant to the Commitment Agreement prior to such Termination Event or such Liquidation Event.

"Third Party" means any Person other than Company, Arvinas or Bayer, or any Affiliate of Company, Arvinas or Bayer.

"Third Stage Product" means a Company Product with advanced successful biological testing [**].

"Transaction Documents" means this Agreement, the Services Agreements, the Bayer IP Contribution Agreement, the Arvinas IP Contribution Agreement, the Option Agreement, and the Intellectual Property Management Agreement.

"Transactions" the meaning set forth in Section 4.5.

"Unused Cash" means, as the date of the applicable Termination Event: (a) if positive, (i) for a Bayer Bad Actor Termination or a Arvinas Bad Actor Termination, the cash at the Company and the Company Subsidiaries minus the Estimated Dissolution Costs, and (ii) for a Good Actor Termination, the lesser of (A) the cash at the Company and the Company Subsidiaries minus the Estimated Dissolution Costs, or (B) $[**] (or, if smaller, the Cash Injections made by Bayer not including the Termination Funded Cash) minus the Aggregate Costs; provided, however, that the Termination Funded Cash will not be considered Unused Cash; or (b) if zero or negative, zero. To the extent that any cash income is received by the Company or its Subsidiaries from operations (other than up-front Single Asset Sale Proceeds that are automatically Distributed) prior to the Company and its Subsidiaries spending $[**] (or, if smaller, the Cash Injections made by Bayer not including the Termination Funded Cash), such cash income from operations will reduce the Aggregate Costs that occur after the date such cash income from operations is received on a dollar-for-dollar basis for purposes of the definition of Unused Cash until all such cash income from operations is spent.

"Yale Agreement" has the meaning set forth in the Arvinas IP Contribution Agreement.

"Yale Letter Agreement" has the meaning set forth in the Arvinas IP Contribution Agreement.

ARTICLE II
COMMITMENTS

2.1 Commitments.

(a) Cash Commitments. Subject to the terms and conditions set forth herein, the aggregate cash Capital Contributions committed by Bayer to the capital of the Company is $56,000,000 (the "Bayer Cash Commitment"). The Bayer Cash Commitment will be payable as Cash Injections in immediately available funds (in US dollars) pursuant to wire transfer instructions provided to Bayer prior to the applicable Funding Date. Subject to the terms and conditions set forth herein, the Company will provide Bayer a written invoice, including the due date for and the amount of any Cash Injection required to be made to the Company hereunder, together with the wire instructions for such Cash Injection (it being acknowledged that the financial institution to which such Cash Injection will be transmitted will be the bank account of the Company, which financial institution will be reasonably acceptable Bayer), prior to the Closing Date (for the Initial Cash Injection) and at least [**] in advance of the due date of any other Cash Injection.

(b) In-Kind Commitments. Subject to the terms and conditions set forth herein, at the Closing, each Committer will make an in-kind Capital Contribution (each, an "In-Kind Contribution") to the Company as follows: (i) Arvinas will enter into the Arvinas IP Contribution Agreement; and (ii) Bayer will enter into the Bayer IP Contribution Agreement.

(c) Capital Accounts. The Company and the Committers hereby agree that the initial Capital Account of each Committer will be as set forth on the Members Schedule attached to the LLC Agreement at the Closing.

2.2 Closing. The funding of the Initial Cash Injection by Bayer and the completion of the In-Kind Contribution by the Committers (the "Closing") will occur as promptly as practicable (but in no event later than the [**]) after all of the conditions set forth in this Section 2.2 (other than conditions which by their terms are required to be satisfied at the Closing) will have been satisfied or, if permissible, waived by the Party entitled to the benefit of the same and, subject to the foregoing, will take place at such time and on such date as specified by the Committers (the "Closing Date"). The Closing Date will

occur on the date of the Stock Purchase Closing, and the Closing and the Stock Purchase Closing are expressly conditioned upon the occurrence of the both closings. The Closing will take place remotely via the exchange of signatures and documents, or at such other place as agreed to by the Parties. At the Closing, in exchange for the consideration provided for in Section 2.1, the Company will sell and issue [**] Common Units to each Committer.

(a) Conditions to each Committer's Obligations at the Closing. The obligations of Bayer to fund its Initial Cash Injection and make its In-Kind Contribution and Arvinas to make its In-Kind Contribution at the Closing are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived.

(i) The representations and warranties of the other Committer contained in Article III will be true and correct in all respects as of the Closing.

(ii) The other Committer and its Affiliates will have performed and complied in all material respects with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by such other Committer and its Affiliates on or before the Closing.

(iii) Any HSR Fillings will have been made and HSR Clearance will have occurred; and all other authorizations, approvals and permits, if any, of any Governmental Authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of Common Units pursuant to this Agreement will be obtained and effective as of the Closing.

(iv) The Company and the other Committer will have executed and delivered their counterpart signatures to the LLC Agreement.

(v) The Company and each other Committer and its Affiliates, as applicable, will have executed and delivered their counterpart signature page to each of the Transaction Documents applicable to such Person.

(vi) The Collaboration Agreement will not have been terminated in accordance with its terms and will be in full force and effect as of the Closing Date.

(vii) The Stock Purchase Agreement will not have been terminated in accordance with its terms and will be in full force and effect as of the Closing Date, and all conditions to the Stock Purchase Closing will have been satisfied or waived in accordance with the terms of the Stock Purchase Agreement.

(b) Conditions to the Company's Obligations at the Closing. The obligations of the Company to sell Common Units to the Committers at the Closing are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived.

(i) The representations and warranties of each Committer contained in Article III will be true and correct in all respects as of the Closing.

(ii) Any HSR Fillings will have been made and HSR Clearance will have occurred; and all other authorizations, approvals and permits, if any, of any Governmental Authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of Common Units pursuant to this Agreement will be obtained and effective as of the Closing.

(iii) Each Committer will have executed and delivered its counterpart signature page to the LLC Agreement.

(iv) Each Committer and its Affiliates, as applicable, will have executed and delivered its counterpart signature page to each of the Transaction Documents applicable to such Person.

2.3 Subsequent Cash Injections. After the Closing, Bayer will fund its Subsequent Cash Injections in accordance with the procedures set forth in Annex I attached hereto on the applicable Funding Date. Each Subsequent Cash Injection made to the Company will not result in the issuance of any additional Units.

2.4 Termination Prior to Closing. This Agreement may be terminated at any time prior to the Closing as follows:

(a) by the mutual written consent of Arvinas and Bayer;

(b) by either Arvinas or Bayer by written notice to the Bayer or Arvinas, respectively:

(i) if any Governmental Authority of competent jurisdiction will have issued an injunction or taken any other action (which injunction or such action the parties hereto will use their reasonable best efforts to lift) that permanently restrains, enjoins or otherwise prohibits the consummation of the Closing, and such injunction shall have become final and non-appealable; or

(ii) the consummation of the Closing will not have occurred on or before the six-month anniversary of the date of this Agreement (the "Termination Date");

provided, however, that (A) the right to terminate this Agreement under this Section 2.4(b) will not be available to a Party whose failure to comply with any provision of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date and (B) Arvinas and Bayer may mutually agree to extend the Termination Date in their sole discretion;

(c) by Arvinas or Bayer, if such Person is not then in material breach of any term of this Agreement, upon written notice to Bayer or Arvinas, respectively, if there occurs a material breach of any representation, warranty or covenant of such other Person contained in this Agreement, and which breach, in the absence of a cure, would cause any of the closing conditions set forth herein with respect to the Closing to not be satisfied prior to the Termination Date; provided, however, that such breach is either not capable of being cured or has not been cured within [**] of such written notice; and

(d) automatically upon the termination of the Stock Purchase Agreement in accordance with its terms.

In the event of the termination of this Agreement pursuant to this Section 2.4, this Agreement will forthwith become null and void and have no effect, without any liability on the part of any Party or their respective directors, officers, employees, partners, managers, members, stockholders or other representatives, and all rights and obligations of any Party shall cease, except that the agreements contained in this Section 2.4, Section 4.2, and Article VII will survive the termination of this Agreement; provided, however, that nothing herein will relieve any Party from liability resulting from any intentional and material breach of such Party's representations, warranties, covenants or agreements contained herein prior to such termination.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF EACH COMMITTER

Each Committer hereby makes to the Company and the other Committer the representations and warranties contained in this Article III as of the date hereof and as of the Closing Date.

3.1 Authority; Enforceability; Conflicts. Other than any requirements of the HSR Act, or any requirements of any foreign investment law (if and solely to the extent that any may apply), the execution, delivery and performance of this Agreement have been duly authorized by such Committer (and its Affiliates, as applicable) and do not require such Committer (and its Affiliates, as applicable) to obtain any consent or approval that has not been obtained and do not contravene or result in a default in any material respect under any provision of any law or regulation applicable to such Committer (and its Affiliates, as applicable) or other governing documents or any agreement or instrument to which such Committer (and its Affiliates, as applicable) is a party or by which such Committer (and its Affiliates, as applicable) is bound. This Agreement is valid, binding and enforceable against such Committer (and its Affiliates, as applicable) in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws of general applicability relating to or affecting creditors' rights or general equity principles (regardless of whether considered at law or in equity). Other than any requirements of under the HSR Act, or any requirements of any foreign investment law (if and solely to the extent that any may apply), no notice to, declaration or filing with, or consent or approval of any Governmental Authority, is required by or with respect to such Committer or any of its Affiliates in connection with the execution and delivery by such Committer (and its Affiliates, as applicable) of this Agreement, and the consummation by such Committer (and its Affiliates, as applicable) of the transactions contemplated by this Agreement in accordance with the terms hereof.

3.2 Litigation. There is no litigation, action, suit, proceeding, claim, arbitration or investigation pending or, to the knowledge of such Committer or its Affiliates, threatened in writing against such Committer or its Affiliates, nor is such Committer or its Affiliates subject to any outstanding order, writ, judgment, injunction or decree that, in any case, would, individually or in the aggregate, (a) prevent, hinder or materially delay the consummation of any Funding event or (b) otherwise prevent, hinder or materially delay performance by such Committer or its Affiliates of any of their material obligations under this Agreement.

3.3 No Brokers. Such Committer and its Affiliates have not entered into any contract, arrangement or understanding with any Person that may result in the obligation of the Company or the other Committer or its Affiliates to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or consummation of any Funding event.

3.4 LLC Agreement. The representations and warranties set forth in Section 4.02 of the LLC Agreement are true and correct in all respects with respect to such Committer, and are deemed incorporated by reference herein as if set forth herein.

3.5 Exculpation Among Parties. Such Committer acknowledges that it is not relying upon any Person in making its investment or decision to invest in the Company. Such Committer agrees that neither the other Committer nor its Affiliates nor their respective controlling Persons, officers, directors, partners, agents or employees will be liable to any other Committer for any action heretofore taken or omitted to be taken by any of them, but solely in connection with the purchase of the Common Units sold hereunder.

3.6 Anti-Corruption/Anti-Bribery. Such Committer and its Affiliates, and to such Committer's knowledge, any director, officer, employee, agent or consultant of such Committer or its Affiliates (in each case acting in its, his or her capacity as such), has not engaged in Anti-Corruption Prohibited Activity. No civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation or investigation, proceeding or demand letter in respect of the Anti-Corruption Laws, Anti-Money Laundering Laws, or sanctions, is pending against such Committer, any such Affiliate or any such other Person (acting in its, his or her capacity as such), nor, to the knowledge of such Committer, is threatened.

3.7 Disclaimer of Other Representations and Warranties. Except as otherwise expressly set forth in this Article III, such Committer expressly disclaims any representations or warranties of any kind or nature, express or implied, including any representations or warranties as to the accuracy and completeness of any information regarding the other Committer, the Company, their respective Affiliates or their respective businesses and affairs or the transactions contemplated by this Agreement.

ARTICLE IV
COVENANTS APPLICABLE DURING THE PRE-CLOSING PERIOD

4.1 Reasonable Best Efforts. During the Pre-Closing Period, each Party agrees to use its reasonable best efforts, and to cooperate with the other Parties, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, appropriate or desirable to consummate and make effective, in as expeditiously as reasonably practicable, the funding of the Initial Cash Injections and the In-Kind Contributions and the other Transactions to occur prior to or at the Closing, including the satisfaction of the respective conditions set forth in Section 2.2, and including to execute and deliver such other instruments and do and perform such other acts and things as may be necessary or reasonably desirable for effecting completely the consummation of the Closing.

4.2 Confidentiality. During the Pre-Closing Period, the Parties will adhere to the terms and conditions of that certain confidentiality and non-use agreement dated as of [**] by and among Bayer AG and Arvinas, Inc. (as amended on [**], the "Confidentiality Agreement"). The information provided hereunder and the terms set forth herein will be subject to the terms set forth in the Confidentiality Agreement. The Confidentiality Agreement will terminate and be of no further force and effect following the Closing.

4.3 Press Releases. During the Pre-Closing Period, the Parties will, and will cause each of their Affiliates and representatives to, maintain the confidentiality of this Agreement and will not, and will cause each of their Affiliates not to, issue or cause the publication of any press release or other public announcement with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the other Parties, which consent will not be unreasonably withheld; provided, however, that (i) upon the Closing (or such earlier time as mutually agreed by the Parties), the Parties will release a mutually agreed upon joint press release, (ii) a Party may, without the prior consent of the other Parties, disclose this Agreement or issue or cause publication of any such press release or public announcement to the extent that such Party reasonably determines such action to be required by law or by the rules of any applicable self-regulatory organization or stock exchange, in which event such Party will use its commercially reasonable efforts to allow the other Parties reasonable time to comment on such disclosure, press release or public announcement in advance of its issuance, and (iii) nothing in this Agreement will prohibit any Party from disclosing this Agreement and any information relating to the transactions contemplated by this Agreement: (a) upon the order of any court or administrative agency; (b) upon the request or demand of any Governmental Authority having jurisdiction over such Party; (c) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (d) to the extent necessary in connection with the exercise of any remedy

hereunder; or (e) to such Party's advisors and representatives who, in the reasonable judgment of such Party, need to know such information and agree to keep such information confidential; provided, however, that in the case of clause (a), (b) or (c), such Party will notify the Company and the other Party of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available to enforce such Party's rights hereunder.

4.4 Budgets and Plans. The Initial Budget, the Initial Investment Budget, the Initial Business Plan, the Initial Research Plan and the Pre-Qualified Future Program List, which are in agreed upon form by the Committers, are attached hereto as Schedule 4.4.

4.5 Notification under the HSR Act. Each Party will use reasonable best efforts, and will cooperate with each other and cause its Affiliates to use reasonable best efforts, in attempting to obtain HSR Clearance as promptly as possible following the date hereof. Each Party will advise each other as to material developments with respect to the status of receipt of approvals. Without limitation of the foregoing, each Party agrees to make the HSR Filing within [**] after the date hereof and request early termination of the applicable waiting period, and to supply promptly any additional information and documentary material that may be requested pursuant to the HSR Act. No Party will take any action, and will cause its Affiliates not to take any action, that will have the effect of delaying, impairing or impeding the receipt of HSR Clearance and will promptly respond to any requests for additional information from any Governmental Authority or other third party in respect thereof. Each Party hereby covenants and agrees to use its reasonable best efforts to secure termination of any waiting periods under the HSR Act or any other applicable law and to obtain the approval of the FTC, the Antitrust Division of the DOJ and/or any other Governmental Authority, as applicable, for the transactions contemplated by this Agreement, the Transaction Documents, the Stock Purchase Agreement or the Collaboration Agreement (or any other agreement attached to any such agreement) (collectively, the "Transactions"). Bayer will control and lead all negotiations and strategy on behalf of the parties relating to HSR Clearance, subject to prior discussion with and taking into account in good faith the views of Arvinas. Notwithstanding anything herein to the contrary, no Party and none of such Party's Affiliates will be obligated to contest any final action or decision taken by any Governmental Authority challenging the consummation of any Transaction. Notwithstanding anything herein to the contrary, no Party and none of such Party's Affiliates will be obligated (1) to propose or agree to accept any undertaking or condition, to enter into any consent decree, to make any divestiture, to accept any operational restriction, or take any other action to obtain the receipt of HSR Clearance, (2) to litigate or defend against any challenge to the consummation of any Transaction or (3) to contest any final action or decision taken by any Governmental Authority challenging the consummation of any Transaction. Any filing fees due under or with respect to such HSR Filing will be shared equally by Arvinas and Bayer.

ARTICLE V

COVENANTS APPLICABLE DURING THE TERM

5.1 Certificate of Formation Amendment. If and as required, the Company will file an amendment to its certificate of formation with the Secretary of State of the State of Delaware to change its name to a name agreed to by the Committers in their reasonable discretion promptly following such determination.

5.2 Confidentiality.

(a) The Company, Bayer and Arvinas acknowledge that during the term of this Agreement, each such Party (the "Receiving Party") may have access to and become acquainted with trade secrets, proprietary information and confidential information belonging to Bayer and its Affiliates (in the case of the Company and Arvinas) or Arvinas and its Affiliates (in the case of the Company and Bayer) (in each case, the "Disclosing Party") that are not generally known to the public, including information concerning business plans, financial statements and other information provided pursuant to this Agreement, the LLC Agreement or the other Transaction Documents, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Disclosing Party treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, including any materials containing such information, "Confidential Information" of the Disclosing Party). In addition, each Receiving Party acknowledges that: (i) the Disclosing Party has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Disclosing Party with a competitive advantage over others in the marketplace; and (iii) the Disclosing Party would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public or used in breach of this Agreement. Without limiting the applicability of any other agreement to which a Party is subject, no Receiving Party will, directly or indirectly, disclose or use at any time, including use for personal, commercial or proprietary advantage or profit, either during their association with the other Party or thereafter, any Confidential Information of a Disclosing Party which the Receiving Party is or becomes aware. Each Receiving Party is in possession of Confidential Information of the Disclosing Party will take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) Nothing contained in Section 5.2(a) will prevent a Receiving Party or any of their respective Affiliates and Representatives from disclosing (and in the case of (vii), (viii) and (ix), using) Confidential Information of the Disclosing Party: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Party; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) to the extent necessary in connection with the exercise of any remedy hereunder; (v) to other Parties who in the reasonable judgment of such Receiving Party need to know such Confidential Information; (vi) to such Receiving Party's Affiliates and its and their Representatives who, in the reasonable judgment of such Receiving Party, need to know such Confidential Information and are subject to customary confidentiality obligations substantially similar to those set forth herein; (vii) to perform their duties as a Manager, Officer, employee, consultant or other service provider of the Company and/or the Company Subsidiaries; (viii) to perform its obligations to the Company and/or the Company Subsidiaries under any applicable Transaction Document or (ix) as otherwise permitted under any applicable Transaction Document; provided, however, that in the case of clause (i), (ii) or (iii), such Receiving Party will notify the Disclosing Party of the proposed disclosure as far in advance of such disclosure as practicable and use reasonable efforts to ensure that any Confidential Information of the Disclosing Party so disclosed is accorded confidential treatment satisfactory to the Disclosing Party, when and if available.

(c) The restrictions of Section 5.2(a) will not apply to Confidential Information of a Disclosing Party that: (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party in violation of this Agreement; (ii) is or becomes available to such Receiving Party or any of their respective Representatives on a non-confidential basis prior to its disclosure to such Receiving Party and any of its Representatives in compliance with this Agreement; (iii) is or has been independently developed or conceived by such Receiving Party without use of Confidential Information of such Disclosing Party; or (iv) becomes available to such Receiving Party or any of its Representatives on a non-confidential basis from a source other than such Disclosing Party or any of its Representatives; provided, however, that such source is not known by the recipient of the Confidential Information of such Disclosing Party to be bound by a confidentiality agreement with such Disclosing Party or its Representatives.

(d) No Disclosing Party is waiving, nor will be deemed to have waived or diminished, any of its attorney work product protections, attorney-client privileges or similar protections and privileges as a result of disclosing information pursuant to this Agreement, or any of its confidential or proprietary information to the receiving party, regardless of whether the disclosing party has asserted, or is or may be entitled to assert, such privileges and protections. The Parties: (i) share a common legal and commercial interest in such disclosure that is subject to such privileges and protections; (ii) are or may become joint defendants in proceedings to which the information covered by such protections and privileges relates; (iii) intend that such privileges and protections remain intact should any Party become subject to any actual or threatened proceeding to which the disclosing Party's information covered by such protections and privileges relates; and (iv) intend that after the date hereof both the Receiving Party and the Disclosing Party will have the right to assert such protections and privileges.

(e) The provisions of this Section 5.2 will continue to apply with respect to the Parties and their respective Affiliates until the date which is [**] following the expiration of the Term.

5.3 Exclusivity(a) . During the Term (and, if applicable, following the Term as provided for in Section 6.2(c)(vii) or Section 6.2(d)(vii)), except as permitted in this Agreement, the Option Agreement, the LLC Agreement or the other Transaction Documents (including the provision of services thereunder to the Company and the Company Subsidiaries) or pursuant to any Product Transfer Agreement, neither a Committer, nor any of its Affiliates, either alone or with, for or through any third Person, will Research, Develop, Manufacture, use or Commercialize any Company Product in the Field; provided, that, during the Term, [**]. Notwithstanding the foregoing, nothing in this Section 5.3 will restrict a Party or any of its Affiliates from taking any of the following actions, none of which will be a violation of this Section 5.3: (a) the Research, Development, Manufacture, use or Commercialization of any Company Product outside of the Field; (b) any action, or pursuing the exercise of any right, set forth in this Agreement, the Option Agreement, the LLC Agreement or the other Transaction Documents or by entering into or taking the actions permitted pursuant to any Product Transfer Agreement; (c) making passive financial investments or similar passive financial participation in (1) investment funds that in turn may invest in Persons that may, from time to time, Research, Develop, Manufacture, use or Commercialize any Company Product in the Field if such investment or participation does not provide such Committer or any of its Affiliates with representation on the governing body of any such investment fund (it being understood and agreed that any participation in an advisory group of an investment fund be considered representation on the governing body of such investment fund), or (2) any Person that may, from time to time, Research, Develop, Manufacture, use or Commercialize any Company Product in the Field so long as (A) such passive investment does not exceed [**]% of the outstanding voting rights of a Person, (B) on the date hereof (with respect to any current investments) or at the time of such investment (with respect to any investments following the date hereof), such Person does not then-Research, Develop, Manufacture, use or Commercialize any Company Product in the Field, (C) such Party (together with its Affiliates) has the right to designate or nominate no more than [**] (or, if greater, [**]%) of the members of the governing body of such Person and (D) such Party (or any of its Affiliates) is not required consolidate its financial statements with such Person under GAAP or IFRS; or (e) acquiring, either directly or indirectly, and continuing to own and operate any Person which directly or indirectly may Research, Develop, Manufacture, use or Commercialize any Company Product in the Field (a "Relevant Acquisition") if (i) its primary purpose in making such Relevant Acquisition is not to Research, Develop, Manufacture, use or Commercialize any Company Product in the Field, and (ii) such Committer divests such Person or ceases such activity as soon as commercially practicable but in no event later than [**] following such Relevant Acquisition (provided, that, to the extent commercially practicable, such Committer will first offer to divest such Company Product in the Field to the Company).

5.4 Further Action. Each of the Parties will use its respective commercially reasonable efforts to take or cause to be taken all appropriate action, do or cause to be done all things necessary, proper or advisable and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

ARTICLE VI
TERMINATION

6.1 Termination.

(a) This Agreement will be terminated upon the occurrence of any of the following events prior to the Initial Public Offering or the first Third Party Qualified Financing:

(i) The Committers mutually agree in writing to terminate this Agreement;

(ii) By either Committer during a Funding Shortfall Termination Period upon delivery of written notice to the other Committer of its intent to terminate this Agreement pursuant to this Section 6.1(a)(ii);

(iii) A Party Change of Control, at the election of the other Committer upon delivery of written notice of its intent to terminate this Agreement pursuant to this Section 6.1(a)(iii) to the Committer that is the subject of such Party Change of Control (provided, that such written notice is required to be delivered within one year of the consummation of such Party Change of Control);

(iv) Any failure of Bayer to make any Subsequent Cash Injection that is not cured in accordance with Section 6.3, at the election of Arvinas upon delivery of written notice to Bayer of its intent to terminate this Agreement pursuant to this Section 6.1(a)(iv);

(v) Upon a Transfer in Breach of Article X of the LLC Agreement that is not cured in accordance with Section 6.3, at the election of the non-Breaching Party upon delivery of written notice to the Breaching Party of its intent to terminate this Agreement pursuant to this Section 6.1(a)(v);

(vi) Upon the occurrence of a Breach of Section 5.3 that is not cured in accordance with Section 6.3, at the election of the non-Breaching Party upon delivery of written notice to the Breaching Party (including a Breach by any of its Affiliates) of its intent to terminate this Agreement pursuant to this Section 6.1(a)(vi); or

(vii) The Bankruptcy of a Committer which is not dismissed or otherwise resolved within 90 days of the filing or commencement thereof, as applicable, at the election of the other Committer upon delivery of written notice to such Party of its intent to terminate this Agreement pursuant to this Section 6.1(a)(vii).

A Party's right to terminate this Agreement pursuant to this Section 6.1(a) will terminate upon the consummation of an Initial Public Offering or the first Third Party Qualified Financing.

(b) In the event of a dispute as to the occurrence of any of the events in this Section 6.1 (other than Section 6.1(a)(i)), prior to a Party terminating this Agreement for the occurrence of any such events, such Party will be required to first comply with the dispute resolution procedures set forth in Section 8.14 of the LLC Agreement. Additionally, in the event of a dispute as to the occurrence of any of the events in Section 6.1(a)(iv) to Section 6.1(a)(vi), prior to a Party terminating this Agreement for the occurrence of any such event, such Party will be required to first allow for the Breaching Party to comply with the cure procedures set forth in Section 6.3, in which case the cure period and resolution period will run concurrently and begin on the date of notice of the respective event.

(c) Following a Party's compliance with Section 6.1(b), if the dispute is not resolved as to the occurrence of any event in Section 6.1(a)(iii), Section 6.1(a)(v), Section 6.1(a)(vi) or Section 6.1(a)(vii) (each, an "Arbitration Matter"), and such Party is still seeking to terminate this Agreement, such dispute will be settled by arbitration pursuant to the arbitration procedures set forth in Section 6.4.

6.2 Effect of Termination.

(a) Upon a termination of this Agreement for any Termination Event:

(i) The Services Agreements will terminate.

(ii) The Arvinas IP Contribution Agreement will terminate in accordance with its terms; provided, however, that, and subject to the rest of this Section 6.2(a)(ii), Arvinas hereby grants to the Company a license under the Arvinas Contributed IP and, if Arvinas holds any such interest, Arvinas' interest in the owned Company IP, in each case, of identical scope as the Company's license or sublicense of the same granted by it under all Product Transfer Agreements in effect at the time of such Termination Event, which license from Arvinas to the Company will continue until the last of such Product Transfer Agreements expires or is otherwise terminated in a manner that the counterparty thereunder has no surviving license or other rights under the Arvinas Contributed IP and the Company IP previously licensed to it thereunder. The Company acknowledges and agrees that its rights to the Licensed Yale IP within the Arvinas Contributed IP pursuant to the foregoing license will be subject to (A) the Company's continued compliance with the requirements specified in Section 2.1.4 (including Schedule 2.1.4) of the Arvinas IP Contribution Agreement, and (B) the Company's compliance with the obligations applicable to it under the terms of the Yale Letter Agreement in the event that the Yale Agreement is terminated after such Termination Event, and, notwithstanding such termination of the Yale Agreement, the Company retains its sublicense under the Licensed Yale IP.

(iii) The Bayer IP Contribution Agreement will terminate in accordance with its terms; provided, however, that Bayer hereby (A) grants to the Company a license under the Bayer Contributed IP and, if Bayer holds any such interest, Bayer's interest in the owned Company IP, in each case, of identical scope as the Company's license or sublicense of the same granted by it under all Product Transfer Agreements in effect at the time of such Termination Event, and (B) acknowledges and agrees that the covenant not to sue of Section 2.1.1 (together with the related obligations and rights under Sections 2.1.3 and 2.1.4) of the Bayer IP Contribution Agreement under the [**] Patents (as they exist at the time of such Termination Event) survives as to all [**] Beneficiaries, until, for both (A) and (B), the last of such Product Transfer Agreements expires or is otherwise terminated in a manner that the counterparty thereunder has no surviving license or other rights under the Bayer Contributed IP and the Company IP previously licensed to it thereunder.

(b) Upon termination of this Agreement pursuant to a Good Actor Termination:

(i) The Company assigns to each of Arvinas and Bayer an undivided joint ownership interest in the owned Company IP, subject to the licenses granted under Section 6.2(a) and this Section 6.2(b) and the terms of the Intellectual Property Management Agreement.

(ii)

(A) Subject to Section 6.2(b)(vii) (solely with respect to a [**]), Section 6.2(b)(viii) and Bayer's compliance with its Diligence Obligations with respect to a [**], as applicable, Arvinas hereby grants to Bayer an exclusive, sublicenseable license under Arvinas' joint interest in the owned Company IP solely to the extent necessary or useful for Bayer and its Affiliates and (sub)licensees to continue the Development, Manufacture, use and/or Commercialization of such [**] in its Applicable Field (including, for this purpose only, the Life Cycle Management in such Applicable Field for such [**]).

(B) For the avoidance of doubt, the Parties acknowledge and agree that each, as joint owner thereof, is free to use the Company IP for any purpose outside of the scope of the exclusive license grant to Bayer in Section 6.2(b)(ii)(A) and, if applicable, any exclusive grant-back licenses to the Company under Section 6.2(a), including the right to license and sublicense or otherwise to exploit, transfer or encumber its ownership interest in such Company IP, without any accounting or obligation to (financial or otherwise), or consent required from, the other Party.

(iii) Subject to Section 6.2(b)(vii) (solely with respect to a [**]) and Bayer's compliance with its Diligence Obligations with respect to a [**], as applicable, Arvinas hereby grants to Bayer a non-exclusive, sublicenseable (solely together in the same transaction with other Patents and Know-How owned by Bayer) license under the Arvinas Contributed IP solely to the extent necessary or reasonably useful for Bayer and its Affiliates and (sub)licensees to continue the Development, Manufacture, use and/or Commercialization of such [**] in its Applicable Field (including, for this purpose only, the Life Cycle Management in such Applicable Field for such [**]).

(iv)

(A) Arvinas hereby grants to Bayer a non-exclusive, sublicenseable (solely together in the same transaction with other Patents and Know-How owned by Bayer) license under the Arvinas Contributed IP, solely to the extent necessary or reasonably useful to Research, Develop, Manufacture, use and/or Commercialize [**] in the Applicable Field.

(B) (1) Bayer hereby grants to Arvinas a non-exclusive, sublicenseable (solely together in the same transaction with other Patents and Know-How owned by Arvinas) license under the Bayer Contributed IP (excluding the Bayer Target Patents), solely to the extent necessary or reasonably useful to Research, Develop, Manufacture, use and/or Commercialize [**] in the Applicable Field, and (2) Bayer, on behalf of itself and its Affiliates, hereby covenants not to assert or cause to be asserted, and will cause its Affiliates not to assert or cause to be asserted, against any of the Arvinas Covenant Beneficiaries any claim, including any claim of infringement, under any of the Covenant Patents (as they exist at the time of such Good Actor Termination) with respect to the Research, Development, Manufacture, use and/or Commercialization of any [**] in

the Applicable Field, or the performance of the foregoing activities on their behalf. Each Arvinas Covenant Beneficiary that is not a party to this Agreement is a third party beneficiary of the covenant of this Section 6.2(b)(iv)(B). Arvinas hereby acknowledges and agrees to Bayer's continued Divestiture (as defined therein) rights with respect to such Covenant Patents pursuant to surviving Section 2.1.3 of the Bayer IP Contribution Agreement.

(C) For the avoidance of doubt, with respect to each [**], the Parties hereby acknowledge and agree that each of Arvinas and Bayer may complete the Research of such [**] and subsequently Develop, Manufacture, use and/or Commercialize such [**] in its Applicable Field without restriction or obligation (financial or otherwise) to the other.

(v) In the event the Company is a party to any license agreements (or other similar agreements) (the "Company In-Licenses") under which Company in-licenses Patents or Know-How of a Third Party constituting Company IP (the "In-Licensed Company IP"), to the maximum extent permitted by their respective terms, Company hereby assigns, transfers, licenses, or sublicenses each such Company In-License to Bayer. Bayer simultaneously hereby grants (A) to Arvinas a non-exclusive, sub-sublicenseable sublicense of the In-Licensed Company IP of identical scope as the license grant made by Bayer to Arvinas under Section 6.2(b)(iv)(B), and (B) to the Company a sub-sublicense of the In-Licensed Company IP of identical scope as Company's sub-sublicenses of the same granted by it under all Product Transfer Agreements in effect at the time of such Good Actor Termination which will continue solely for so long as, and solely with respect to, such applicable Product Transfer Agreements remain in effect.

(vi) With respect to each Company Product that is the subject of a Product Transfer Agreement at the time of such Good Actor Termination, any amounts paid to the Company pursuant to such Product Transfer Agreement will be distributed to the Members in accordance with Section 7.02(a)(i) of the LLC Agreement.

(vii) With respect to each [**] and [**] (including, for this purpose only, the Life Cycle Management for such [**] or [**] Product in its Applicable Field), the Net Revenue for such [**] reduced by the Life Cycle Management Costs for such [**] or [**] and by the reasonable costs Bayer incurs (properly and consistently apportioned to such [**] or [**] among the products of Bayer) to the extent required in connection with Bayer using Commercially Reasonable Efforts to assume the Development and Commercialization activities from the Company (for such [**] or [**], the "Assumption Costs") will be paid to the Company, and (A) any such amount from a [**] will be distributed to the Members in accordance with Section 7.02(a)(i) of the LLC Agreement assuming, solely for this purpose with respect to such [**], that Bayer is deemed to own an additional [**] Common Units, and (B) any such amount from a [**] will be distributed to the Members in accordance with Section 7.02(a)(i) of the LLC Agreement.

(viii) If Bayer does not comply with the Diligence Obligations with respect to a [**] or [**], the exclusive license provided by Section 6.2(b)(ii)(A) for such [**] or [**] will, at the option of Arvinas (which may be exercised in its sole discretion any time after the Budget Cycle Date for such product) upon written notice to Bayer (the date of exercising such option with respect to a [**] or [**], the "Option Exercise Date"), be converted into a non-exclusive license, and such non-exclusive license will be made subject to the conditions set forth in Annex II, and Bayer hereby grants to Arvinas:

a. a non-exclusive, sublicenseable license from Bayer under Bayer's joint interest in the owned Company IP and any In-Licensed Company IP under

the Company In-Licenses assigned to Bayer pursuant to Section 6.2(b)(v), solely to the extent necessary or useful for Arvinas and its Affiliates and (sub)licensees to continue the Development, Manufacture, use and/or Commercialization of such [**] in its Applicable Field (including, for this purpose only, the Life Cycle Management in such Applicable Field for such [**]); and

b. a non-exclusive, sublicenseable license (solely together in the same transaction with other Patents and Know-How owned by Arvinas) from Bayer under the Bayer Contributed IP, existing as of the date of such conversion and arising during the term of such license, solely to the extent necessary or reasonably useful for Arvinas and its Affiliates and (sub)licensees to continue the Development, Manufacture, use and/or Commercialization of such [**] in its Applicable Field (including, for this purpose only, the Life Cycle Management in such Applicable Field for such [**]).

(ix) Unless the Board (with the Requisite Approval) approves of an allocation of all or a portion of the Company Non-IP Assets, the Company Non-IP Assets will be auctioned off in the market. The Board (with Requisite Approval and as an FD Action) will organize such auction and consummate such sale, as applicable. The Committers will have the right, but not the obligation, to bid in the auction, with any amounts received by the Company in the sale of such Company Non-IP Assets to be distributed in accordance with Section 7.02(a)(i) of the LLC Agreement.

(x) Notwithstanding anything to the contrary in this Section 6.2(b), each of the license grants made in this Section 6.2(b) will be memorialized in identical scope, and supplemented with related provisions mutually agreed between the licensor party and the licensee party of each such license grant (including provisions for pass-through obligations (financial and otherwise) under the licensor party's agreements for any Third Party in-licensed Patents or Know-How that would be included in such license grants), in a license agreement to be executed by such parties as promptly as practicable after the date of the Good Actor Termination.

(xi) Section 5.3 will immediately terminate with respect to each Committer; provided, however, that the Parties agree that any exclusivity and/or non-compete terms provided for under any Product Transfer Agreement (the scope of which is provided for in the Option Agreement) in effect at the time of such Good Actor Termination will survive such termination in accordance with such Product Transfer Agreement.

(c) Upon termination of this Agreement pursuant to a Bayer Bad Actor Termination:

(i) The Company assigns to Arvinas all right, title and interest in the owned Company IP, subject to the licenses granted under Section 6.2(a) and this Section 6.2(c) and the terms of the Intellectual Property Management Agreement.

(ii) (A) Bayer hereby grants to Arvinas a non-exclusive, sublicenseable (solely together in the same transaction with other Patents and Know-How owned by Arvinas) license under the Bayer Contributed IP (excluding the Bayer Target Patents) solely to the extent necessary or reasonably useful for Arvinas and its Affiliates and (sub)licensees to continue the Research, Development, Manufacture, use and/or Commercialization of [**] and [**] in each such [**] respective Applicable Field (including, for this purpose only, the Life Cycle Management in such Applicable Field for such, and (B) Bayer, on behalf of itself and its Affiliates, hereby covenants not to assert or cause to be asserted, and will cause its Affiliates not to assert or cause to be asserted,

against any of the Arvinas Covenant Beneficiaries any claim, including any claim of infringement, under any of the Covenant Patents (as they exist at the time of such Bayer Bad Actor Termination) of [**] in each such [**] respective Applicable Field (including, for this purpose only, the Life Cycle Management in such Applicable Field for such [**]), or the performance of the foregoing activities on their behalf. Each Arvinas Covenant Beneficiary that is not a party to this Agreement is a third party beneficiary of the covenant of this Section 6.2(c)(ii). Arvinas hereby acknowledges and agrees to Bayer's continued Divestiture (as defined therein) rights with respect to such Covenant Patents pursuant to surviving Section 2.1.3 of the Bayer IP Contribution Agreement.

(iii) To the maximum extent permitted by their terms, Company hereby assigns, transfers, licenses and sublicenses any and all Company In-Licenses to Arvinas, and Arvinas simultaneously hereby grants to the Company a sub-sublicense of the In-Licensed Company IP under such Company In-Licenses of identical scope as Company's sub-sublicenses of the same granted by it under all Product Transfer Agreements in effect at the time of such Bayer Bad Actor Termination which license will continue solely for so long as, and solely with respect to, such applicable Product Transfer Agreement remains in effect.

(iv) With respect to each Company Product that is the subject of a Product Transfer Agreement at the time of such Bayer Bad Actor Termination, any amounts paid to the Company pursuant to such Product Transfer Agreement will be distributed to the Members in accordance with Section 7.02(a)(i) of the LLC Agreement.

(v) The Company Non-IP Assets will automatically be distributed to Arvinas.

(vi) Notwithstanding anything to the contrary in this Section 6.2(c), each of the license grants made in this Section 6.2(c) will be memorialized in identical scope, and supplemented with related provisions mutually agreed between the licensor party and the licensee party of each such license grant (including provisions for pass-through obligations (financial and otherwise) under the licensor party's agreements for any Third Party in-licensed Patents or Know-How that would be included in such license grants), in a license agreement to be executed by such parties as promptly as practicable after the date of the Bayer Bad Actor Termination.

(vii) Section 5.3 will immediately terminate with respect to Arvinas and terminate one year following the date of the Bayer Bad Actor Termination with respect to Bayer; provided, however, that the Parties agree that any exclusivity and/or non-compete terms provided for under any Product Transfer Agreement (the scope of which is provided for in the Option Agreement) in effect at the time of such Bayer Bad Actor Termination will survive such termination in accordance with such Product Transfer Agreement.

(d) Upon termination of this Agreement pursuant to a Arvinas Bad Actor Termination:

(i) The Company assigns to Bayer all right, title and interest in the owned Company IP, subject to the licenses granted under Section 6.2(a) and this Section 6.2(d) and the terms of the Intellectual Property Management Agreement.

(ii) Arvinas hereby grants to Bayer a non-exclusive, sublicenseable (solely together in the same transaction with other Patents and Know-How owned by Bayer) license under the Arvinas Contributed IP solely to the extent necessary or reasonably useful for Bayer and its Affiliates and (sub)licensees to continue the Research, Development, Manufacture, use and/or Commercialization of such [**] Products in each such [**] respective Applicable Field (including, for this purpose only, the Life Cycle Management in such Applicable Field for such [**] Product).

(iii) To the maximum extent permitted by their terms, Company hereby assigns, transfers, licenses and sublicenses any and all Company In-Licenses to Bayer, and Bayer simultaneously hereby grants to the Company a sub-sublicense of the In-Licensed Company IP under such Company In-Licenses of identical scope as Company's sub-sublicenses of the same granted by it under all Product Transfer Agreements in effect at the time of such Arvinas Bad Actor Termination which license will continue solely for so long as, and solely with respect to, such applicable Product Transfer Agreement remains in effect.

(iv) With respect to each Company Product that is the subject of a Product Transfer Agreement at the time of such Arvinas Bad Actor Termination, any amounts paid to the Company pursuant to such Product Transfer Agreement will be distributed to the Members in accordance with Section 7.02(a)(i) of the LLC Agreement.

(v) The Company Non-IP Assets will automatically be distributed to Bayer.

(vi) Notwithstanding anything to the contrary in this Section 6.2(d), each of the license grants made in this Section 6.2(d) will be memorialized in identical scope, and supplemented with related provisions mutually agreed between the licensor party and the licensee party of each such license grant (including provisions for pass-through obligations (financial and otherwise) under the licensor party's agreements for any Third Party in-licensed Patents or Know-How that would be included in such license grants), in a license agreement to be executed by such parties as promptly as practicable after the date of the Arvinas Bad Actor Termination.

(vii) Section 5.3 will immediately terminate with respect to Bayer and terminate one year following the date of the Arvinas Bad Actor Termination with respect to Arvinas; provided, however, that the Parties agree that any exclusivity and/or non-compete terms provided for under any Product Transfer Agreement (the scope of which is provided for in the Option Agreement) in effect at the time of such Arvinas Bad Actor Termination will survive such termination in accordance with such Product Transfer Agreement.

(e) Each of the Parties will, and will cause its Affiliates to, use reasonable best efforts to take or cause to be taken all appropriate action, do or cause to be done all things necessary, proper or advisable and execute and deliver such documents and other papers, as may be required to carry out the provisions of Article VI and consummate and make effective the transactions contemplated by Article VI.

(f) Upon an occurrence of a Termination Event, neither Committer will be required to make any further Capital Contributions, except any unpaid Bayer Cash Commitments that were payable at the time of such Termination Event will be contributed to the Company as promptly as commercially practicable, notwithstanding the occurrence of such Termination Event. For the avoidance of doubt, any Termination Funded Cash and any Unused Cash will be distributed to the Members in accordance with Section 7.02(a)(ii) of the LLC Agreement (with any remaining cash distributed to the Members in accordance with Section 7.02(a)(i) of the LLC Agreement).

(g) In the event of the termination of this Agreement pursuant to Section 6.1, this Agreement will forthwith become null and void and have no effect, without any liability on the part of the Parties, and their respective directors, officers, employees, partners, managers, members, stockholders or other representatives, and all rights and obligations of any Party will cease; provided, however, that: (i) the Surviving Terms will survive the termination of this Agreement; and (ii) nothing herein will relieve any Party from liability resulting from any Breach of such Party's representations, warranties, covenants or agreements contained herein prior to such termination.

(h) Each Party acknowledges and agrees that each license granted to a Person under this Section 6.2 is an independent and standalone grant of rights to such Person, and, in the event of any overlap in subject matter between any two such licenses, no one license will be read to limit, modify or otherwise change the rights granted to the same or another Person under such other license.

6.3 Breaches, Cure Periods and Remedies. If a Party alleges that any other Party (the "Breaching Party") has failed to perform any of its covenants, obligations or agreements provided for in any Transaction Document or the LLC Agreement, it will provide written notice of such alleged failure to the Breaching Party. The Breaching Party will have [**] following such written notice (a "Cure Period") to remedy such failure if such breach is curable and if the non-Breaching Parties will not be materially prejudiced thereby, and if it fails to remedy such failure within such Cure Period, the Breaching Party will be in breach of this Agreement ("Breach"). Upon a Breach by one Party, the non-Breaching Parties will have the right to seek all remedies available hereunder (including the termination rights set forth in Section 6.1 if such Breach would trigger any such right), in law or in equity. In addition to any other remedies set forth in any Transaction Document or the LLC Agreement, the remedies for any Breach will include damages and injunctive relief, including specific performance. Unless provided for herein, the rights and remedies provided in any Transaction Document or the LLC Agreement are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or in equity.

6.4 Arbitration.

(a) If a Party is seeking to terminate the Agreement as a result of an Arbitration Matter (and following compliance with Section 6.1(b) and Section 6.1(c)), as applicable, the dispute as to the occurrence of an Arbitration Matter remains unresolved), such dispute will be settled by arbitration administered by the American Arbitration Association in accordance with the then current Commercial Rules of the American Arbitration Association including the Procedures for Large, Complex Commercial Disputes ("AAA Rules"), except that any such arbitration must be conducted in accordance with the remainder of this Section 6.4. For the avoidance of doubt, if there is a dispute as to the occurrence of any Arbitration Matter and a Party is seeking remedies other than to terminate this Agreement, then such dispute will not be required to be settled by arbitration as contemplated by this Section 6.4 and instead, Section 7.5 will apply.

(b) Number and Selection of Arbitrators. The number of arbitrators will be three, who will be selected as follows: each of Bayer, on the one hand, and Arvinas, on the other hand, will choose one arbitrator within [**] of either initiating or receiving notice of an arbitration (as the case may be), and those Party-appointed arbitrators will unanimously select one chairman arbitrator within [**] of the appointment of the last Party appointed arbitrator, who will be a lawyer admitted to practice in New York for at least 15 years, and who is experienced with disputes in joint venture transactions ("Qualifications"). If the Party-appointed arbitrators are unable to agree upon the selection of the third arbitrator within [**] of the appointment of the last Party appointed arbitrator, such chairman arbitrator will be selected by the American Arbitration Association within [**] and will have Qualifications.

(c) Place and Language of Arbitration. The place of arbitration will be New York, New York, at a suitable venue to be agreed by the Parties and arbitrators within [**] of the appointment of the chairman arbitrator. The proceedings will be conducted in the English language.

(d) Binding Decision. The decision and award of the arbitral tribunal will be made by majority decision and will be final, non-appealable and binding on the Parties and their successors and assigns. The arbitral award will be in writing in English and accompanied by a reasoned opinion.

(e) Allocation of Costs. The decision and award of the arbitral tribunal will include a decision regarding the allocation of costs relating to any such arbitration. For purposes of this subsection, "costs" will include reasonable attorneys' fees and reasonable experts' fees actually incurred with respect to the arbitration proceeding.

(f) Period for Arbitration.

(i) The arbitration will be completed no later than [**] after the selection of the chairman arbitrator, unless the chairman arbitrator determines, at the request of any Party or on his or her own initiative, that such time period should be extended, in which case such time period may not be extended beyond an additional [**] period.

(ii) Notwithstanding any provision of the AAA Rules: (A) each of Arvinas and Bayer will be permitted to serve up to three interrogatories, and to take three depositions of the other Party, in addition to exchange of documents, exhibits and information as provided for in the AAA Rules, on dates and locations to be mutually agreed upon (or, failing such agreement, as the chairman arbitrator will select after hearing from the Parties); (B) any documents not in English that are produced by a Party will be accompanied by a translation into English, which translation will not be binding upon the other Party or the arbitrators; (C) each of the Parties covenant and agree that it will produce documents, information, and deposition and hearing witnesses, as required by this Section 6.4(f)(ii) and as otherwise required by the AAA Rules; and (D) subpoenas to non-parties, for production of documents and/or for testimony, will be issued at the request of a Party, up to five subpoenas per Party. The Parties will make their respective employees, and will use commercially reasonable efforts to make their former employees, available for depositions and hearing testimony as requested by the other Parties.

(g) Enforcement of Judgment. Judgment on the arbitral award may be entered in any court having jurisdiction thereof.

(h) Confidentiality. Except as required by Applicable Law or as required for recognition and enforcement of the arbitral decision and award, the arbitrator may not disclose the existence, content or results of any arbitration hereunder without the prior written consent of the Parties, and the Parties agree that any such information will be considered Confidential Information hereunder and subject to the restrictions set forth in Section 5.2 herein and Section 11.01 of the LLC Agreement. Any documents submitted to the arbitrators will be kept confidential and will not be disclosed, except that any such documents may be disclosed as permitted by Section 5.2 herein and Section 11.01 of the LLC Agreement or in connection with any action to collect the award, or if any such documents are discoverable or admissible in any action in court having jurisdiction as provided for in Section 7.5.

(i) Enforcement; Interim Measures; Equitable Relief. Each Party may apply to any court having jurisdiction as provided for in Section 7.5 (A) to enforce the arbitration provisions of this Agreement, (B) to seek provisional injunctive relief so as to maintain the status quo or the status quo ex ante (including, but not limited to, maintaining the confidentiality of any arbitration proceedings and non-public information) until the final arbitration award is rendered and is finally judicially confirmed if challenged judicially, or the dispute is otherwise resolved, or (C) to seek equitable relief.

ARTICLE VII
GENERAL PROVISIONS

7.1 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder will be in writing and will be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a Party as will be specified in a notice given in accordance with this Section 7.1):

If to the Company:	c/o Arvinas, Inc. 5 Science Park 395 Winchester Avenue New Haven, CT 06511 Attention: Legal Department
with a copy to:	Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 Attention: Robert Puopolo; Jason Breen Email: rpuopolo@goodwinlaw.com; jbreen@goodwinlaw.com
If to Bayer:	Bayer CropScience LP c/o Bayer AG Law, Patents & Compliance / M&A Kaiser-Wilhelm-Allee 20 51373 Leverkusen Attention: Dr. Christian Bank Email: christian.bank@bayer.com
with a copy to:	Orrick, Herrington & Sutcliffe LLP 1000 Marsh Road Menlo Park, CA 94025 Attention: Matthew R. Gemello Email: mgemello@orrick.com
If to Arvinas:	c/o Arvinas, Inc. 5 Science Park 395 Winchester Avenue New Haven, CT 06511 Attention: Legal Department
with a copy to:	Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 Attention: Robert Puopolo; Jason Breen Email: rpuopolo@goodwinlaw.com; jbreen@goodwinlaw.com

7.2 Assignment. Other than an assignment of this Agreement in connection with a Permitted COC Transfer (for which no written consent will be required), neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned by a Party without the prior written consent of (a) in the case of a Committer, the other Committer, or (b) in the case of the Company, both Committers; provided, however, that the Committers may assign this Agreement to an Affiliate upon providing prior written notice to the Company and the other Party (provided, that such Party remains primarily liable for all obligations of such Affiliate following such assignment). Subject to the prior sentence, this Agreement will be binding upon and will inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns. Notwithstanding anything to the contrary in any other Transaction Document, an assignment of such Transaction Document may be made without the prior written consent of any other Party (or its Affiliates) in connection with a Permitted COC Transfer.

7.3 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

7.4 Fees and Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby will be paid by the Party incurring such costs and expenses.

7.5 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware. Except as expressly set forth herein, the Parties hereby agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, will be brought in the United States District Court for the District of Delaware or in the Court of Chancery of the State of Delaware (or, if such court lacks subject matter jurisdiction, in the Superior Court of the State of Delaware), so long as one of such courts will have subject-matter jurisdiction over such suit, action or proceeding, and that any case of action arising out of this Agreement will be deemed to have arisen from a transaction of business in the State of Delaware. Each of the Parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient form. Service of process, summons, notice or other document by registered mail to the address set forth in Section 7.1 will be effective service of process for any suit, action or other proceeding brought in any such court. Each Party hereby acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

7.6 Amendment. This Agreement may be amended by the Parties by an instrument in writing signed on behalf of each of the Committers.

7.7 Extension; Waiver. The failure of any Party to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, will not be a waiver of such Party's right to demand strict compliance herewith in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, will constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. Any agreement on the part of a Party to any extension or waiver will be valid only if set forth in a written instrument signed on behalf of the Party against which such waiver or extension is to be enforced. Waiver of any term or condition of this Agreement by a Party will not be construed as a waiver of any subsequent breach or waiver of the same term or condition by such Party, or a waiver of any other term or condition of this Agreement by such Party.

7.8 No Agreement Until Executed. Irrespective of negotiations among the Parties or the exchanging of drafts of this Agreement, this Agreement will not constitute or be deemed to evidence a contract, agreement, arrangement or understanding among the Parties unless and until this Agreement is executed and delivered by the Parties.

7.9 Equitable Remedies. Each Party acknowledges that a breach or threatened breach by such Party of any of its obligations under this Agreement would give rise to irreparable harm to the other Parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Party of any such obligations, the other Parties will, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

7.10 Remedies Cumulative. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

7.11 Miscellaneous. This Agreement, together with the Confidentiality Agreement, the Annexes and Exhibits hereto, the LLC Agreement, the other Transaction Documents and any documents executed by the parties simultaneously herewith or pursuant thereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, written and oral, among the parties with respect to the subject matter hereof. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of Electronic Transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

7.12 Interpretation. For purposes of this Agreement: (a) the words "include," "includes" and "including" will be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; and (d) the words "will" and "shall" are to be interpreted as having the same meaning. The definitions given for any defined terms in this Agreement will apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Annexes and Exhibits mean the Articles and Sections of, and Annexes

and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The Annexes and Exhibits referred to herein will be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The word "dollar" or symbol "$" refer to the lawful currency of the United States of America. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement in accordance herewith.

7.13 Conflicts. Each of the Parties acknowledges and agrees that Goodwin Procter LLP ("Goodwin") has acted as counsel to Arvinas and its Affiliates in connection with the negotiation of this Agreement, the documents contemplated hereby and consummation of the transactions contemplated hereby and thereby. Each of the Committers hereby consent and agree, on behalf of itself and its Affiliates, to Goodwin representing the Company and its Subsidiaries (collectively, the "Company Parties") following the date hereof, except with respect to disputes in which the interests of the Company Parties are directly adverse to Committers and their respective Affiliates (the "Excluded Matters"). In connection with the foregoing and except with respect to the Excluded Matters, each Committer hereby irrevocably waives and agrees, on behalf of itself and its Affiliates, not to assert any conflict of interest arising from or in connection with Goodwin's prior representation of Arvinas and its Affiliates prior to the date hereof.

7.14 Stock Purchase Agreement and Collaboration Agreement. Each of the Stock Purchase Agreement and the Collaboration Agreement (and any related agreements entered into in connection with the transactions contemplated thereby) are intended to be separate arrangements among the parties thereto and are only referenced herein for purposes of the Closing. Except as expressly provided for herein relating to the Pre-Closing Period, in no event shall the terms set forth herein or any other Transaction Document limit or otherwise apply to the Stock Purchase Agreement, the Collaboration Agreement, any such related agreement and/or any transaction contemplated thereby

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

COMPANY: PROTAG LLC

By: /s/ John Houston
Name: John Houston
Title: Authorized Signatory

ARVINAS:

ARVINAS OPERATIONS, INC.

By: /s/ John Houston
Name: John Houston
Title: President & CEO

BAYER: BAYER CROPSCIENCE LP

By: /s/ Lisa Safarian
Name: Lisa Safarian
Title: President

Solely for purposes of Article IV and Article IX until the consummation of the Closing:

Bayer AG

By: /s/ Christian Bank
Name: Dr. Christian Bank
Title: Head of Legal M&A

By: /s/ Jörg Möller
Name: Jörg Möller
Title: Head of PH Research & Development

Arvinas, Inc.

By: /s/ John Houston
Name: John Houston
Title: President & CEO

Exhibit C
Arvinas IP Contribution Agreement

(see attached)

Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q
for the fiscal period ended June 30, 2019

Exhibit G
Option Agreement

(see attached)

Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal period ended June 30, 2019

Exhibit 10.3

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the Company, if publicly disclosed. Double asterisks denote omissions.

OPTION AGREEMENT

This Option Agreement (this "Agreement") is made and entered into as of July 16, 2019 (the "Effective Date"), by and among Arvinas Operations, Inc., a Delaware corporation ("Arvinas"), Bayer CropScience LP, a Delaware limited partnership ("Bayer"), and Protag LLC, a Delaware limited liability company ("Company") (Arvinas and Bayer, collectively with the Company, the "Parties" and each individually, a "Party").

RECITALS

WHEREAS, the Parties entered into that certain Commitment Agreement, dated as of June 3, 2019 (as amended, restated and/or otherwise modified from time to time, the "Commitment Agreement"), pursuant to which the parties thereto have agreed to take certain actions in connection with the formation, funding and operation of the Company; and

WHEREAS, as a condition to the Closing (as defined in the Commitment Agreement), the Parties are required to enter into this Agreement, pursuant to which the Company will provide certain procedures for, and preferential rights relating to, the Transfer of certain Company Products Researched, Developed and Commercialized by the Company to Bayer.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

The following terms will have the following meanings:

1.1 Certain Definitions. For purposes of this Agreement, the following terms will have the meanings set forth in this Article I. Any capitalized term used but not defined herein will have the meanings set forth in that certain Amended and Restated Limited Liability Agreement of the Company dated as of July 16, 2019 (as amended, restated and/or otherwise modified from time to time, the "LLC Agreement"), or the Commitment Agreement.

"Applicable Field" means the sub-field of the Field in which a Company Product will be and is Researched, Developed, Manufactured, used and Commercialized by or on behalf of Company or any of its Affiliates.

"Applicable Managers" means: (a) if Bayer is a Bidding Party, a majority of the Managers other than the Bidding Party Managers (in which case the Bidding Party Managers will be deemed Conflicted Managers for purposes of the applicable Product Transfer); provided, however, that the Bidding Party Managers will no longer be deemed Conflicted Managers (and the Bidding Party will thereafter be deemed a Non-Bidding Party) following the Bidding Party's Formal Withdrawal with respect to such Product Transfer; or (b) if Bayer is a Non-Bidding Party, a majority of all of the Managers (including the Requisite Approval if required by the LLC Agreement).

"Baseball Arbitration" means the arbitration procedures for resolving a dispute as provided for in Exhibit A.

"Bid" means a Solicited Bid or an Unsolicited Bid, as applicable. A Bid will also include any amended Bid provided by a Person from time to time.

"Bidding Party" means Bayer if it or one of its Affiliates has provided a Bid for a Company Product; provided, however, that Bayer will no longer be considered a Bidding Party following its delivery of a Formal Withdrawal.

"Bidding Party Managers" means the Managers designated by the Bidding Party.

"Bidding Process" means the bidding process for a Product Transfer as contemplated by Section 2.6.

"Field" means any and all agricultural purposes.

"[**] Candidate" means a Company Product that is a Second Stage Product.

"Formal Withdrawal" means, with respect to a Product Transfer, written notification to the Company and Arvinas signed by an authorized Representative of the Bidding Party which certifies that the Bidding Party no longer has any intent to participate in such Product Transfer process and withdraws from such Product Transfer process in its entirety.

"Investor" means each of Arvinas and Bayer.

"Last Matching Right" means the right of Bayer to submit to the Company a final Bid, which Bid shall be binding upon Bayer, within [**] after the receipt by Bayer of the Superior Bid Notice. [**].

"Licensed Field" means all or a sub-field of the Applicable Field for a specific Company Product in which such Company Product will be Researched and Developed (if applicable based on the stage of the Company Product at the time the corresponding Product Transfer Agreement is executed), Manufactured, used and/or Commercialized by the Product Transferee under such Product Transfer Agreement.

"Non-Bidding Party" means Bayer if it has not provided a Bid for a Company Product.

"Product Rights" means Bayer's preferential rights with respect to Product Transfers of Company Products as provided for in this Agreement.

"Product Transfer" means a transaction pursuant to which a Company Product is (or would be) Transferred to a Person (other than to the Company or to a Company Subsidiary).

"Product Transfer Agreement" means the agreement between the Company and a Product Transferee to effect a Product Transfer.

"Product Transferee" means the Person that is the counterparty to a Product Transfer Agreement (other than the Company or a Company Subsidiary, as applicable).

"Relevant Experience" means experience with valuing agricultural products and licensing transactions involving agricultural products, which may include experience relevant to the determination of risks and costs associated with the Research, Development and Commercialization of agricultural products.

"ROFN Triggering Event" means (a) a Transfer Determination, or (b) the receipt of an Unsolicited Bid from a Third Party that is determined to be a Qualifying Offer pursuant to Section 2.4.

"Solicited Bid" means a bid (a) by a Person in connection with a Bidding Process for a Product, or (b) by Bayer pursuant to the exercise of Bayer's rights under Section 2.5.

"Superior Bid" means the Bid for a Company Product that provides the most advantageous terms to the Company as determined by the Applicable Managers.

"Superior Bid Notice" means a written notice of the determination of the Superior Bid for a Company Product, together with the material terms of such Superior Bid.

"Third Party" means any Person other than the Company, an Investor or any Affiliate of the Company or such Investor.

"Transfer" means a license of the exclusive right to Research, Develop, Manufacture, use and/or Commercialize, as applicable, a Company Product.

"Transfer Determination" means a decision by the Board to begin a Bidding Process with respect to a Company Product.

"Unsolicited Bid" means a bid for a Company Product that is not a Solicited Bid.

"Valuation Firm" means a reputable investment banking firm (or a Person with expertise in providing valuations) with the Relevant Experience to the extent reasonably practicable. The Valuation Firm will be selected by the Applicable Managers and is required to be independent from any Party and/or any of its Affiliates unless otherwise approved by the Board (including the Requisite Approval).

"Winning Bid" means the Superior Bid for a Product Transfer that is finally determined to be accepted by the Applicable Managers.

The following terms will have the meanings defined in the Section or Exhibit indicated. Unless otherwise noted, the indicated Section or Exhibit refers to the appropriate Section or Exhibit of this Agreement.

Agreement	Introduction
Antitrust Authority	Exhibit B
Antitrust Approval	Exhibit B
Antitrust Condition	Exhibit B
Antitrust Filing	Exhibit B
Antitrust Law	Exhibit B
Arvinas	Introduction
Baseball Expert	Exhibit A
Bayer	Introduction
Bayer Solicited Bid Notice	Section 2.5(b)
Bayer Unsolicited Bid Notice	Section 2.3
Bid Package	Section 2.5(a)
Commitment Agreement	Introduction
Company	Introduction

Company Product	Section 1.21 of the Arvinas IP Contribution Agreement and the Bayer IP Contribution Agreement
Counterparty	Exhibit B
Effective Date	Introduction
Exclusive Field	Section 2.8
[**] Candidate Notice	Section 2.1(a)
Filing Party	Exhibit B
FMV	Section 2.5(b)(i)(A)
FMV Bid Period	Section 2.5(b)(i)(A)
FMV Report	Section 2.5(b)(i)(A)
JAMS	Exhibit A
LLC Agreement	Introduction
LM Superior Bid	Section 2.5(b)(i)(A)
Minimum Offer Terms	Section 2.2
Party or Parties	Introduction
Product Closing	Section 2.7
QOFMV	Section 2.5(b)(i)(A)
Qualifying Offer	Section 2.2
Required FMV Terms	Section 2.5(b)(i)(A)
Revised FMV Bid	Section 2.5(b)(i)(A)
ROFN Period	Section 2.5(b)
ROFN Trigger Notice	Section 2.5(a)
Second Stage Product	Section 1.1 of the Commitment Agreement
Submission Date	Section 2.6(a)
Term	Section 1.01 of the LLC Agreement
Third Party Valuation	Section 2.5(b)(i)(A)
Transfer Determination	Section 2.1(a)
Winning Bidder	Section 2.7

ARTICLE II

2.1 Determination of [**] Candidate and Timing of Product Transfers.

(a) On a Company Product-by-Company Product basis, the Company will promptly (and, in any event, within [**]) notify the Board of any Company Product that the Company reasonably believes is a [**] Candidate. In connection with such notification, the Company will provide the Board with a complete set of supporting data related to such Company Product that the Company has identified as a potential [**] Candidate. The Board will determine whether the Company Product is a [**] Candidate. If the Board determines that such Company Product is not a [**] Candidate, then the Company will continue to conduct additional Research and Development activities with respect to such Company Product. If the Board determines that such Company Product is a [**] Candidate, the Board will promptly (and in any event, within [**]) provide a written notice to the Investors that such Company Product is a [**] Candidate (a "[**] Candidate Notice"). The [**] Candidate Notice will include whether (i) the Board has determined to continue Research, Development and Commercialization of such Company Product, or (ii) whether the Board has made a Transfer Determination with respect to such Company Product and therefore such Company Product will be subject to the Product Rights (and therefore such [**] Candidate Notice will also be a ROFN Trigger Notice). If the Board has provided a [**] Candidate Notice in which the Board had determined to continue Research, Development and Commercialization of such Company Product, and the Board subsequently makes a Transfer Determination with respect to such Company Product, the Company will provide the Investors with a ROFN Trigger Notice.

(b) Notwithstanding the foregoing, the Board will from time to time discuss and consider the appropriate timing of potential Product Transfers to optimize the aggregate return on investment for the Members in their capacities as such, and whether to make a Transfer Determination with respect to a Company Product. Without limiting the foregoing, the Board will discuss and consider a potential Product Transfer as promptly as possible in anticipation of and following: (i) the achievement of [**] Candidate status of a Company Product (or earlier at the discretion of the Board); and (ii) an Unsolicited Bid from any Person for such Company Product. If the Board makes a Transfer Determination with respect to a Company Product, the Company will provide the Investors with a ROFN Trigger Notice.

2.2 Minimum Offer Terms; Qualifying Offers. Bayer agrees to only make Bids in good faith and all Bids will be in writing addressed to the Company. To the extent reasonably practicable prior to any Solicited Bid (or, with the approval of the Applicable Managers, following any Unsolicited Bid), the Company will provide Bayer with the Company's current, minimum offer terms with respect to a potential Product Transfer ("Minimum Offer Terms"), [**]. A Bid from Bayer or a Third Party which is made in good faith and meets the Minimum Offer Terms, if applicable, in all material respects will be a "Qualifying Offer". If there is any dispute with respect to whether a Bid from Bayer is a Qualifying Offer, such dispute will be escalated in accordance with the procedures set forth in Section 8.14 of the LLC Agreement; provided, that if such dispute results in a Deadlock Matter, it will be referred to Baseball Arbitration.

2.3 Unsolicited Bids by Bayer. If Bayer wishes to make an Unsolicited Bid, Bayer will deliver to the Company a Bid for such Company Product which will include the material terms of the applicable Product Transfer (a "Bayer Unsolicited Bid Notice"). If the Company has provided Minimum Offer Terms to Bayer with respect to such Company Product, such Unsolicited Bid shall include a certification letter signed by an authorized Representative of Bayer that certifies that such Unsolicited Bid is a Qualifying Offer for such Company Product. Following receipt of such Bayer Unsolicited Bid Notice, the Company will promptly (and in any event, within [**]) provide Arvinas with notice of such Bayer Unsolicited Bid Notice.

(a) If the Bayer Unsolicited Bid Notice is delivered following the receipt of a [**] Candidate Notice in which the Board had determined not to begin a Bidding Process with respect to such Company Product, the Applicable Managers will have the sole discretion to (i) negotiate the terms of such Product Transfer with Bayer [**], (ii) accept the Unsolicited Bid, and/or (iii) begin a Bidding Process which will provide Bayer with a Last Matching Right for such Bidding Process so long as Bayer had not otherwise provided a Formal Withdrawal with respect to such Product Transfer.

(b) If the Bayer Unsolicited Bid Notice is delivered with respect to a Company Product that has not been determined to be at least a [**] Candidate based on its Development stage, the Applicable Managers will have the sole discretion to (i) negotiate the terms of such Product Transfer with Bayer [**], (ii) accept or reject the Unsolicited Bid of Bayer, (iii) begin a Bidding Process (which will provide Bayer with a Last Matching Right for such Bidding Process so long as Bayer had not otherwise provided a Formal Withdrawal with respect to such Product Transfer, and/or (iv) take no action with respect to such Unsolicited Bid from Bayer.

(c) Notwithstanding anything to the contrary contained in the LLC Agreement, only the approval of the Applicable Managers will be required for the Company to undertake any such Product Transfer, and if Bayer is a Bidding Party, neither Bayer's nor the Bidding Party Managers approval, vote or consent will not be required for any Member or Board approval required for such Product Transfer (including the Requisite Majority and the Requisite Approval).

2.4 Unsolicited Bids by a Third Party. If a Third Party makes an Unsolicited Bid, the Company will promptly (and in any event, within [**]) provide the Managers and the Investors with written notice of such Unsolicited Bid including all documents, data, and information related to the Unsolicited Bid received by the Third Party in tangible form. As promptly as practicable thereafter, the Board (with the Requisite Approval if required to effect such Product Transfer under Section 8.12 of the LLC Agreement) will determine whether (a) such Bid is a Qualifying Offer for such Company Product, or (b) to reject the Bid of such Third Party. If such Bid is determined to be a Qualifying Offer, the Company will provide the Managers and Investors with a ROFN Trigger Notice.

2.5 Right of First Negotiation.

(a) Within [**] of a ROFN Triggering Event, the Company will provide the Managers and Investors a notice of such ROFN Triggering Event (a "ROFN Trigger Notice"), which will include data and information reasonably necessary for Bayer to evaluate the advisability of, and the preparation of, a Qualifying Offer for such Company Product (collectively, such terms, data and information for such Company Product, the "Bid Package"). Following the Company's delivery of a Bid Package to the Investors, an Investor may request in writing that the Company provide specific, additional background information and data (although not including raw data) to further clarify the contents of the Bid Package, which information and data the Company will promptly make available to the Investors to the extent that such request is commercially reasonable and to the extent and in such form as such information and data are in the Company's possession and control. The Company and the Company Subsidiaries will not have any obligation to conduct any additional studies or undertake any further analysis of any data or information in accordance with the preceding sentence.

(b) During the period starting on the date of delivery of the Bid Package for a Company Product and ending [**] following such delivery date (the "ROFN Period"), Bayer will have the exclusive right to review the Bid Package to make a Bid for such Company Product and to submit a Qualifying Offer for such Company Product, and the Company will not solicit Bids from a Third Party. Without limiting the foregoing and for the avoidance of doubt, in the event an Unsolicited Bid from a Third Party is the ROFN Triggering Event, the Company will not negotiate such Unsolicited Bid with such Third Party or solicit additional Bids from other Third Parties during the ROFN Period. To exercise such right for a Company Product during the ROFN Period, Bayer will be required to provide to the Company (prior to the expiration of the ROFN Period for such Company Product) a Bid for such Company Product which will include the material terms of the applicable Product Transfer (a "Bayer Solicited Bid Notice"). The timing of the ROFN Period for a Company Product may be delayed until a mutually agreed, subsequent time period with the written consent of all Parties prior to the start of such ROFN Period.

(i) If Bayer delivers a Bayer Solicited Bid Notice for such Company Product to the Company during the applicable ROFN Period for such Company Product, Bayer will be considered a Bidding Party. The Company will promptly deliver such Bayer Solicited Bid Notice to Arvinas. Notwithstanding anything to the contrary contained in the LLC Agreement, only the approval of the Applicable Managers will be required for the Company to undertake any Product Transfer for such Company Product, and the Bidding Party's and the Bidding Party Manager's approval, vote or consent will not be required for any Member or Board approval required for such Product Transfer (including the Requisite Majority and the Requisite Approval). Subject to compliance with the remainder of this Section 2.5(b)(i), the Applicable Managers will determine in good faith whether Bayer's Bid in such Bayer Solicited Bid Notice is a Qualifying Offer for such Company Product.

(A) If such Bid is a Qualifying Offer, then the Applicable Managers may, in their discretion, (1) negotiate the terms of such Product Transfer with Bayer, (2) accept or reject such Bid, (3) begin a Bidding Process as provided for in Section 2.6 (which will provide Bayer with a Last Matching Right for such Bidding Process so long as Bayer had not provided a Formal Withdrawal with respect to such Product Transfer), and/or (4) in the event the ROFN Triggering Event is an Unsolicited Bid from a Third Party which is a Qualifying Offer, accept such Third Party Unsolicited Bid (which will provide Bayer with a Last Matching Right for such Third Party Unsolicited Bid so long as Bayer had not provided a Formal Withdrawal with respect to such Product Transfer). If the Applicable Managers determine to accept Bayer's Bid or negotiate the terms of such Product Transfer with Bayer, and the Applicable Managers are unable to agree to the terms of such Product Transfer within [**] following the Company's receipt of such Bayer Solicited Bid Notice, then the Company may, at the instruction of the Applicable Managers, seek an independent valuation of such Company Product from a Valuation Firm (a "Third Party Valuation") to determine the fair market value of such Company Product (assuming the Minimum Offer Terms for such Product Transfer, as adjusted by the terms in such Qualifying Offer that the Applicable Managers have accepted in principle) (the "FMV") and the fair market value of such Qualifying Offer ("QOFMV"). The Valuation Firm will prepare and deliver to the Company a written report which provides the FMV and QOFMV for such Company Product, with reasonable supporting detail (the "FMV Report"), within [**] of its engagement by the Company for such Third Party Valuation. The FMV Report will be delivered to the Investors and the Applicable Managers within [**] of the Company's receipt thereof. If the FMV is determined to be higher than the QOFMV for such Company Product, Bayer will have a right to provide a revised Bid, which will be binding upon Bayer, to the Company (the "Revised FMV Bid") that includes terms that provide for [**] (the "Required FMV Terms"). Such right to provide a revised Bid is required to be exercised by Bayer by submitting a Revised FMV Bid to the Company within [**] of delivery of the FMV Report to Bayer (the "FMV Bid Period"). If there is any dispute with respect to whether such Revised FMV Bid satisfies such Required FMV Terms, such dispute will be referred to Baseball Arbitration. If the ROFN Triggering Event is an Unsolicited Bid from a Third Party and the Applicable Managers determine to accept such Unsolicited Bid from such Third Party, the Company will provide Bayer a Superior Bid Notice and Bayer may exercise its Last Matching Right with respect to such Product Transfer, and, if properly exercised, Bayer's revised Bid, which will be binding upon Bayer, will thereafter be the Superior Bid (the "LM Superior Bid"). If there is any dispute with respect to whether Bayer's revised bid is the Superior Bid, such dispute will be referred to Baseball Arbitration. The Superior Bid will be (1) such Qualifying Offer if the Company does not seek a Third Party Valuation or the QOFMV is determined to be higher than the FMV, (2) the Revised FMV Bid if it satisfies the Required FMV Terms, (3) any Bid agreed to by Bayer and approved by the Applicable Managers, or (4) the LM Superior Bid. There will be no Superior Bid if, as applicable: (1) Bayer does not provide a Revised FMV Bid during the FMV Bid Period or the Revised FMV Bid does not satisfy the Required FMV Terms, and thereafter the Company may take any action with respect to such Company Product free and clear of any Product Rights; provided, however, that Bayer will maintain its Last Matching Rights for such Company Product; or (2) Bayer does not properly exercise any applicable Last Matching Rights in the [**] period or Bayer's revised Bid is not the Superior Bid and thereafter the Company may take any action with respect to such Company Product free and clear of any Product Rights; [**].

(B) If such Bid is not a Qualifying Offer, then the Applicable Managers may, in their sole discretion, take any of the following actions with respect to such Company Product: (1) accept or reject such Bid; (2) negotiate the terms of such Product Transfer with Bayer; (3) begin a Bidding Process as provided for in Section 2.6 (which will provide Bayer with a Last Matching Right for such Bidding Process so long as Bayer had not provided a Formal Withdrawal with respect to such Product Transfer and such Bid was made by Bayer in good faith); or (4) have the Company continue to further Research, Develop and Commercialize the applicable Company Product free and clear of any Product Rights; [**].

(ii) If Bayer does not deliver a Bayer Solicited Bid Notice for such Company Product to the Company during the ROFN Period or Bayer otherwise provides written notice to the Company that it does not intend to make a Bid for such Company Product, the Company may take any action with respect to such Company Product free and clear of any Product Rights; [**].

2.6 Bidding Process.

(a) If a Bidding Process for a Company Product is to be initiated by the Company as provided for in Section 2.1(a)(ii), Section 2.3(a)(iii), Section 2.3(b)(iii), Section 2.5(b)(i)(A) and Section 2.5(b)(ii)(B), the Applicable Managers will identify the appropriate Third Parties from whom to solicit Bids, and may engage an investment banker to assist with identifying bidders and the Bidding Process generally, in each case with the goal of including as many bidders that are reasonably capable of providing Qualifying Offers in the Bidding Process as reasonably practicable. The Company will take such commercially reasonable efforts to ensure that the Bidding Process is robust and that identified Third Party bidders participate in such Bidding Process. The Applicable Managers will determine in their reasonable discretion the timing and process for the solicitation of Bids for the Company Product from Third Parties (and Bayer, as applicable), [**]. A copy of each Qualifying Offer received from any bidder will be promptly delivered to the Applicable Managers upon receipt by the Company. Upon receipt of all Qualifying Offers or on the expiration of the applicable submission time for the Bidding Process (the "Submission Date"), the Applicable Managers will evaluate the Qualifying Offers and determine which is the Superior Bid and the Winning Bid, if any.

(b) If no Qualifying Offers are submitted to the Company and outstanding as of the Submission Date with respect to such Company Product, the Applicable Managers will terminate the Bidding Process and the Board will determine appropriate next steps with respect to such Company Product (unless otherwise agreed by the Board with the Requisite Approval).

(c) If more than one Qualifying Offer is submitted to the Company and outstanding as of the Submission Date with respect to such Company Product (and one such Qualifying Offer is submitted by Bayer or one of its Affiliates), if Bayer's Qualifying Offer is not determined to be the Superior Bid and (i) Bayer has a Last Matching Right with respect to such Product Transfer, then the Company will provide Bayer the Superior Bid Notice and Bayer may exercise its Last Matching Right as provided for herein with respect to such Product Transfer, and, if properly exercised, Bayer's revised Bid will thereafter be the LM Superior Bid, or (ii) otherwise (including if Bayer does not properly exercise any applicable Last Matching Right in the [**] period), Bayer will have no further rights to make a revised Bid; [**].

(d) If the only Qualifying Offer submitted to the Company and outstanding with respect to such Company Product is from Bayer or one of its Affiliates as of (i) the Submission Date, or (ii) [**] following the submission of a Bayer Unsolicited Bid Notice or a Bayer Solicited Bid Notice, as applicable (if a Bidding Process was initiated pursuant to Section 2.1(a)(ii), Section 2.3(a)(iii) or Section 2.5(b)(i)(A) for a Company Product that is at least a Field Candidate based on its Development stage), then the Company may, at the instruction of the Applicable Managers, seek a Third Party Valuation to determine the FMV and the QOFMV. The Valuation Firm will prepare and deliver to the Company a FMV Report within [**] of its engagement by the Company for such Third Party Valuation. The FMV Report will be delivered to the Investors and the Applicable Managers within [**] of the Company's receipt thereof. If the FMV is determined to be higher than the QOFMV for such Company Product, Bayer will have a right to provide a Revised FMV Bid that includes the Required FMV Terms. Such right to provide a revised Bid is required to be exercised by Bayer submitting a Revised FMV Bid to the Company within the FMV Bid Period. If there is any dispute with respect to whether such Revised FMV Bid satisfies such Required FMV Terms, such dispute will be referred to Baseball Arbitration. The Superior Bid will be (i) such Qualifying Offer if the Company does not seek a Third Party Valuation or the QOFMV is determined to be higher than the FMV, or (ii) the Revised FMV Bid if it satisfies the Required FMV Terms. Notwithstanding the foregoing, there will be no Superior Bid if Bayer does not provide a Revised FMV Bid during the FMV Bid Period or the Revised FMV Bid does not satisfy the Required FMV Terms, in which case the Applicable Managers will terminate the Bidding Process and the Board will determine appropriate next steps with respect to such Company Product, [**]; provided, however, that Bayer will maintain its Last Matching Rights for such Company Product.

(e) If at least one Qualifying Offer is submitted to the Company and outstanding as of the Submission Date with respect to such Company Product (and no such Qualifying Offer is submitted by Bayer or one or one of its Affiliates), then the Superior Bid will be determined by the Board (including the Requisite Approval), and the Company will provide Bayer the Superior Bid Notice (which will provide Bayer with a Last Matching Right for such Bidding Process so long as Bayer had not provided a Formal Withdrawal with respect to such Product Transfer) and (i) Bayer may exercise its Last Matching Right with respect to such Product Transfer, and, if properly exercised, Bayer's revised Bid will thereafter be the LM Superior Bid or (ii) otherwise (including if Bayer does not properly exercise any Last Matching Right in the [**] period), Bayer will have no further rights to make a Bid; [**].

(f) The Company may accept the Superior Bid in a Bidding Process as the Winning Bid, but acceptance will not be required; provided, however, that the Company must accept an LM Superior Bid submitted by Bayer or one of its Affiliates or a Superior Bid submitted by Bayer or one of its Affiliates pursuant to Section 2.6(d). Any acceptance of a Superior Bid hereunder will not be a breach of fiduciary duties so long as such Superior Bid is a Qualifying Offer (and in no event if the Winning Bid is from Bayer or one of its Affiliates) and no rejection of a Superior Bid hereunder will be a breach of fiduciary duties if such Superior Bid is not a Qualifying Offer.

(g) Following the acceptance of a Superior Bid (or the LM Superior Bid) as the Winning Bid, the Company will provide written notice of such Winning Bid to the Investors within [**] of acceptance.

2.7 Winning Bid. The Company will close the Product Transfer (the "Product Closing") with Bayer or the Third Party providing the Winning Bid (the "Winning Bidder") as soon as practicable (a) following the determination of the Winning Bid or (b) following the satisfaction of the Antitrust Condition (if applicable to such Product Transfer) and any other approvals of any Governmental Authority applicable to such Product Transfer. The Winning Bidder and the Company will enter into a Product Transfer Agreement substantially on the terms as set forth in the Winning Bid, [**]. At the Product Closing, each Investor not a party to such transaction will use reasonable best efforts to assist the Company in completing such Product Transfer, including to require its designated Managers to approve such Product Transfer and any related transactions (if such approval is required). In connection with any such Product Transfer, the Company and each Investor, as applicable, will comply with the covenants set forth in Exhibit B. If the Antitrust Condition is not satisfied, the Board will determine in its discretion the process for effecting an alternative transaction with respect to the applicable Product Transfer.

2.8 Effect of Product Transfer. If a Winning Bidder successfully effects a Product Closing, such Winning Bidder will, from and after the date of consummation of such Product Transfer, have the exclusive right to Research, Develop, Manufacture, use and/or Commercialize, as applicable, the applicable Company Product in its Licensed Field (with respect to such Company Product, an "Exclusive Field"), subject to and in accordance with the terms and conditions of the corresponding Product Transfer Agreement. [**].

2.9 Quorum; Approvals. Notwithstanding anything to the contrary set forth in the LLC Agreement and as except as expressly provided for herein, (a) a majority of the Applicable Managers will constitute a quorum for the transaction of business of the Board as provided for herein and (b) the Board (and Applicable Managers) will act by vote (or written consent) of at least a majority of the Applicable Managers then in office on any matter under consideration by the Board (or Applicable Managers) as provided for herein.

ARTICLE III
TERM; TERMINATION

3.1 Agreement Term; Termination. This Agreement is effective as of the Effective Date and will terminate at the earliest to occur of (a) the end of the Term, (b) the Initial Public Offering, (c) a Change of Control, and (d) only with respect to Bayer's Last Matching Rights, Bayer and/or its Affiliates ceasing to hold at least 30% of the fully-diluted equity securities in the Company (or a successor thereto).

3.2 Consequences of Expiration or Termination of the Agreement.

(a) If this Agreement terminates in accordance with Section 3.1, the Parties will no longer have any rights hereunder, including the Product Rights and the Last Matching Rights, and the rights hereunder shall not apply to any Transfer contemplated by Article VI of the Commitment Agreement.

(b) The following provisions of this Agreement will survive any termination of this Agreement: Section 3.2, Article IV and Article V.

ARTICLE IV
CONFIDENTIALITY

4.1 Confidentiality. All information provided to an Investor under this Agreement will be governed by the confidentiality provisions specified in Section 11.01 of the LLC Agreement, and such terms are hereby incorporated by reference. For the avoidance of doubt, the terms, status and existence of any Bid or the Bidding Process will be considered Confidential Information of the Company.

ARTICLE V
GENERAL PROVISIONS

5.1 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder will be in writing and will be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a Party as will be specified in a notice given in accordance with this Section 5.1):

If to the Company:	c/o Arvinas, Inc. 5 Science Park 395 Winchester Avenue New Haven, CT 06511 Attention: Legal Department
with a copy to:	Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 Attention: Robert Puopolo; Jason Breen Email: rpuopolo@goodwinlaw.com; jbreen@goodwinlaw.com
If to Bayer:	Bayer CropScience LP c/o Bayer AG Law, Patents & Compliance / M&A Kaiser-Wilhelm-Allee, Building 20 51373 Leverkusen Attention: Dr. Christian Bank Email: christian.bank@bayer.com
with a copy to:	Orrick, Herrington & Sutcliffe LLP 1000 Marsh Rd Menlo Park, CA 94025 Attention: Matthew Gemello Email: mgemello@orrick.com
If to Arvinas:	c/o Arvinas, Inc. 5 Science Park 395 Winchester Avenue New Haven, CT 06511 Attention: Legal Department
with a copy to:	Goodwin Procter LLP 100 Northern Avenue

Boston, MA 02210
Attention: Robert Puopolo; Jason Breen
Email: rpuopolo@goodwinlaw.com; jbreen@goodwinlaw.com

5.2 Successors and Assigns. Other than an assignment of this Agreement in connection with a Permitted COC Transfer (for which non written consent will be required), neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned by a Party without the prior written consent of (a) in the case of an Investor, the other Investor and the Company, or (b) in the case of the Company, both Investors; provided, however, that an Investor may assign this Agreement to any of its Affiliate upon providing prior written notice to the Company and the other Investor (provided, that such Investor remains primarily liable for all obligations of such Affiliate following such assignment). Subject to the prior sentence, this Agreement will be binding upon and will inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns.

5.3 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

5.4 Fees and Expenses. Except as otherwise expressly provided for herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby will be paid by the Party incurring such costs and expenses.

5.5 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Agreement will be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware. Except as expressly set forth herein, the Parties hereby agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, will be brought in the United States District Court for the District of Delaware or in the Court of Chancery of the State of Delaware (or, if such court lacks subject matter jurisdiction, in the Superior Court of the State of Delaware), so long as one of such courts will have subject-matter jurisdiction over such suit, action or proceeding, and that any case of action arising out of this Agreement will be deemed to have arisen from a transaction of business in the State of Delaware. Each of the Parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient form. Service of process, summons, notice or other document by registered mail to the address set forth in Section 5.1 will be effective service of process for any suit, action or other proceeding brought in any such court. Each Party hereby acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such Party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

5.6 Amendment. No provision of this Agreement may be amended or modified, or compliance otherwise waived, except by a writing executed by the Parties.

5.7 Extension; Waiver. The failure of any Party to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, will not be a waiver of such Party's right to demand strict compliance herewith in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, will constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. Any agreement on the party of a Party to any extension or waiver will be valid only if set forth in a written instrument signed on behalf of the Party against which such waiver or extension is to be enforced. Waiver of any term or condition of this Agreement by a Party will not be construed as a waiver of any subsequent breach or waiver of the same term or condition by such Party, or a waiver of any other term or condition of this Agreement by such Party.

5.8 No Agreement Until Executed. Irrespective of negotiations among the Parties or the exchanging of drafts of this Agreement, this Agreement will not constitute or be deemed to evidence a contract, agreement, arrangement or understanding among the Parties unless and until this Agreement is executed and delivered by the Parties.

5.9 Equitable Remedies. Each Party acknowledges that a breach or threatened breach by such Party of any of its obligations under this Agreement would give rise to irreparable harm to the other Parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Party of any such obligations, each of the other Parties will, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

5.10 Remedies Cumulative. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

5.11 Entire Agreement.

(a) This Agreement, together with all related Exhibits, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

(b) In the event of an inconsistency or conflict between the provisions of this Agreement and any provision of another Transaction Document or LLC Agreement with respect to the subject matter of such Transaction Document or LLC Agreement, the Applicable Managers will attempt to resolve such conflict in its sole discretion.

5.12 Interpretation. For purposes of this Agreement: (a) the words "include," "includes" and "including" will be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; and (d) the words "will" and "shall" are to be interpreted as having the same meaning. The definitions given for any defined terms in this Agreement will apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein will be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The word "dollar" or symbol "$" refer to the lawful currency of the United States of America. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement in accordance herewith.

5.13 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of Electronic Transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

5.14 Dispute Resolution. Without limitation of the choice of law and jurisdiction of Section 5.5, except as expressly provided for herein (including disputes to be resolved using Baseball Arbitration), the Parties hereby agree that controversies or claims arising out of or relating to this Agreement, or the interpretation, performance, breach, termination or validity thereof, will be escalated in accordance with the escalation procedure set forth in Section 8.14 of the LLC Agreement (mutatis mutandis); provided, however, if such dispute is not resolved within the [**] period set forth therein, then such dispute will resolved in accordance with Section 5.5.

5.15 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Party hereby agrees to execute and deliver such additional documents, instruments, conveyances and assurances and to take such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

5.16 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties (and their respective heirs, executors, administrators, successors and assigns) and nothing herein, express or implied, is intended to or will confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

[*SIGNATURE PAGE FOLLOWS*]

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

COMPANY: PROTAG LLC

By: /s/ Sean Cassidy
Name: Sean Cassidy
Title: Authorized Signatory

ARVINAS:

ARVINAS OPERATIONS, INC.

By: /s/ Sean Cassidy
Name: Sean Cassidy
Title: CFO & Treasurer

[SIGNATURE PAGE TO OPTION AGREEMENT]

BAYER: BAYER CROPSCIENCE LP

By: /s/ Brian Branca
Name: Brian Branca
Title: Treasurer

[SIGNATURE PAGE TO OPTION AGREEMENT]

Exhibit 10.4

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the Company, if publicly disclosed.
Double asterisks denote omissions.

ARVINAS IP CONTRIBUTION AGREEMENT

This ARVINAS IP CONTRIBUTION AGREEMENT (this "**Contribution Agreement**") is entered into as of July 16, 2019 (the "**Effective Date**"*)* by and between Protag LLC, a limited liability company organized under the laws of Delaware ("**Company**"), and Arvinas Operations, Inc., a corporation organized under the laws of Delaware ("**Arvinas**"). Company and Arvinas are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, pursuant to that certain Commitment Agreement dated as of June 3, 2019 (as amended, restated and/or otherwise modified from time to time, the "**Commitment Agreement**"), Bayer CropScience LP has committed to contribute certain cash and in-kind capital contributions and Arvinas has committed to contribute certain in-kind capital contributions to Company;

WHEREAS, Arvinas possesses certain Know-How and Patents (as defined below) and expertise in the field of targeted degradation of proteins for multiple applications; and

WHEREAS, Arvinas desires to license the Arvinas Contributed IP (as defined below) to Company in furtherance of the transactions contemplated by the Commitment Agreement in accordance with this Contribution Agreement.

NOW, THEREFORE, in consideration of the respective covenants, representations, warranties and agreements set forth herein, the Parties hereto agree as follows:

ARTICLE 1.
DEFINITIONS

For purposes of this Contribution Agreement, the following capitalized terms will have the following meanings:

1.1 "**Action**" means any claim, action, cause of action, chose in action or suit (whether in contract or tort or otherwise), litigation (whether at law or in equity, whether civil or criminal), controversy, assessment, arbitration, examination, audit, investigation, hearing, charge, complaint, demand, notice or proceeding to, from, by or before any Governmental Authority or arbitrator(s).

1.2 "**ADME/PK**" means absorption, distribution, metabolism, excretion and pharmacokinetics, as describing the disposition of a compound and any of its derivatives within an organism.

1.3 "**Affiliate**" has the meaning assigned to such term in the LLC Agreement. For the purposes of this Contribution Agreement, (a) neither Arvinas nor any of its Affiliates shall be considered an Affiliate of the Company or any of its Affiliates, and neither the Company nor any of its Affiliates shall be considered an Affiliate of Arvinas or any of its Affiliates, simply by virtue of this Contribution Agreement, and (b) no Person shall be considered an Affiliate of a Party solely as a result of their right to designate a member of such Party's board of directors.

1.4 "**Arvinas Assay IP**" means any and all Know-How and Patents Controlled by Arvinas or any of its Affiliates as of the Effective Date or during the Term that (a) claim or Cover ADME/PK assays and/or data analysis directed at PROTAC characterization and/or predictions, and (b) are necessary or reasonably useful for the Research, Development, Manufacture, use or Commercialization of Company Products in the Field.

1.5 "**Arvinas Background IP**" means, collectively, the Arvinas Assay IP, Arvinas Ligase IP, Arvinas Linker IP, Arvinas PROTAC IP and Arvinas Target IP. For clarity, Arvinas Background IP includes all Improvements to Arvinas Background IP Controlled by Arvinas pursuant to Section 2.2(b)(ii) of the IPMA.

1.6 "**Arvinas Contributed IP**" means all Arvinas Background IP.

1.7 "**Arvinas Ligase IP**" means any and all Know-How and Patents Controlled by Arvinas or any of its Affiliates as of the Effective Date or during the Term that (a) claim or Cover (i) ubiquitin ligases or (ii) Ubiquitin Ligase Binding Moieties as independent components of protein degrader compositions, and (b) in each case of (i) and (ii), are necessary or reasonably useful for the Research, Development, Manufacture, use or Commercialization of Company Products in the Field.

1.8 "**Arvinas Linker IP**" means any and all Know-How and Patents Controlled by Arvinas or any of its Affiliates as of the Effective Date or during the Term that (a) claim or Cover Linkers as independent components of protein degrader compositions, and (b) are necessary or reasonably useful for the Research, Development, Manufacture, use or Commercialization of Company Products in the Field.

1.9 "**Arvinas PROTAC IP**" means any and all Know-How and Patents Controlled by Arvinas or any of its Affiliates as of the Effective Date or during the Term that (a) claim or Cover PROTACS, and (b) are necessary or reasonably useful for the Research, Development, Manufacture, use or Commercialization of Company Products in the Field, including for clarity the Licensed Yale IP.

1.10 "**Arvinas Target IP**" means any and all Know-How and Patents Controlled by Arvinas or any of its Affiliates as of the Effective Date or during the Term that (a) claim or Cover (i) Targets or (ii) Target Binding Moieties as independent components of protein degrader compositions, and (b) in each case of (i) and (ii), are necessary or reasonably useful for the Research, Development, Manufacture, use or Commercialization of Company Products in the Field.

1.11 "**Bayer**" means Bayer CropScience LP and any successor thereto.

1.12 "**Bayer IPCA**" means that certain Bayer IP Contribution Agreement by and among Bayer and Company of even date herewith.

1.13 "**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in any of (a) New Haven, Connecticut or (b) Leverkusen, Germany are authorized or required to close.

1.14 "**Commercialize**" or "**Commercializing**" means to market, promote, distribute, offer for sale, sell, have sold, use, import, have imported, export, have exported or otherwise commercialize a compound or product. When used as a noun, "Commercialization" means any and all activities involved in Commercializing.

1.15 "**Company Foreground IP**" means such Foreground IP that is neither Improvements to Arvinas Background IP nor Improvements to Bayer Background IP.

1.16 "**Company IP**" means, collectively, (a) all Company Foreground IP, and (b) any other Know-How and Patents Controlled after the Effective Date and during the Term by Company or any of its Affiliates that are necessary or reasonably useful for the Research, Development, Manufacture, use or Commercialization of Company Products in the Field.

1.17 "**Company Ligase IP**" means that subset of Company IP that exclusively relates to (a) ubiquitin ligases or (b) Ubiquitin Ligase Binding Moieties as independent components and not the Company Products themselves.

1.18 "**Company Linker IP**" means that subset of Company IP that exclusively relates to Linkers as independent components and not the Company Products themselves.

1.19 "**Company Product**" means, with respect to a specific Target, a PROTAC whose primary mechanism of action by design is the binding to and degradation of such Target.

1.20 "**Company Target IP**" means that subset of Company IP that exclusively relates to (a) Targets and (b) Target Binding Moieties as independent components and not the Company Products themselves.

1.21 "**Control**" or "**Controlled**" means, with respect to any Know-How, Patents and other intellectual property rights, possession by a Party of the power and authority, whether arising by ownership or by license or other authorization, to grant and authorize the licenses or sublicenses, as applicable, under such Know-How, Patents and other intellectual property rights of the scope granted to the other Party in this Agreement at the time such Party would be required hereunder to grant the other Party such license or sublicense, without violating the terms of any agreement or other arrangement with any Third Party existing at the time such Party would be first required hereunder to grant and authorize such license or sublicense. Notwithstanding anything in this Contribution Agreement to the contrary, a Party will be deemed to not Control any Know-How, Patents or other intellectual property rights that are owned or controlled by a Third Party described in the definition of "Change of Control," or such Third Party's Affiliates (other than an Affiliate of such Party prior to the Change of Control), (a) prior to the closing of such Change of Control, except to the extent that any such Know-How, Patents or other intellectual property rights were developed prior to such Change of Control through the use of such Party's technology, or (b) after such Change of Control to the extent that such Know-How, Patents or other intellectual property rights are developed or conceived by such Third Party or its Affiliates (other than such Party) after such Change of Control without using or incorporating such Party's technology.

1.22 "**Covers**" (including variations such as "**Covered**", "**Covering**" and the like) means, with respect to a Patent and a product, that the manufacture, use, sale, offer for sale or importation of such product in a country would infringe a Valid Claim of such Patent in such country.

1.23 "**Develop**" or "**Developing**" means to develop a process, compound or product, including work comprising the following activities: conducting preliminary formulation activities for field testing, producing field test materials for such testing (meeting minimum requirements for field handling, handling properties, stability, use rate, quality control, safety), performing field testing (including physiological and soil analysis, formulation (prototype development and field validation, formulation optimization) and field trials (demonstration of biological efficacy of a Company Product for expected phenotype compared to control treatments and reproduced for multiple genetics/geographies (in view of defining the business case))), developing commercial formulations (as included in the regulatory dossier, fully compatible with other active components), completing toxicity studies needed to obtain regulatory approval for a Company Product, and dossier generation and submission for regulatory approval. When used as a noun, "Develop" means any and all activities involved in Developing.

1.24 "**Effective Date**" has the meaning set forth in the first paragraph.

1.25 "**Field**" means any and all agricultural purposes.

1.26 "**Foreground IP**" means any and all Know-How developed, conceived, first reduced to practice or otherwise made by or on behalf of Company or any of its Affiliates, whether solely or jointly (including by or with any subcontractor), in connection with the Research, Development, Manufacture, use or Commercialization of Company Products in the Field, including any and all Patents claiming, and other intellectual property rights in and to, such Know-How.

1.27 "**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

1.28 "**Improvements to Arvinas Background IP**" means that subset of Foreground IP that is an adaptation, enhancement, modification, and/or improvement of any Arvinas Background IP, wherein the making, using, selling, offering for sale, or importation or exploitation of the same would infringe one or more issued claims of Patents within the Arvinas Background IP (or would have infringed such issued claims while in effect), but excluding the Company Products themselves.

1.29 "**Improvements to Bayer Background IP**" means that subset of Foreground IP that is an adaptation, enhancement, modification, and/or improvement of any Bayer Background IP, wherein the making, using, selling, offering for sale, or importation or exploitation of the same would infringe one or more issued claims of Patents within the Bayer Background IP (or would have infringed such issued claims while in effect), but excluding the Company Products themselves.

1.30 "**In-License Agreement**" means, when used for Arvinas, an agreement with a Third Party licensor under which Arvinas or any of its Affiliates obtains Control of any Arvinas Background IP, and, when used for Company, an agreement with a Third Party licensor under which Company or any of its Affiliates obtains Control of any Company IP.

1.31 "**IPMA**" means that certain IP Management Agreement by and among the Company, Arvinas and Bayer of even date herewith.

1.32 "**Know-How**" means all proprietary information, inventions (whether or not patentable), improvements, practices, formulae, trade secrets, techniques, methods, procedures, knowledge, results, test data (including related reports, structure-activity relationship data and statistical analysis), analytical and quality control data, protocols, processes, models, designs, computational processes, and other information regarding discovery, development, marketing, pricing, distribution, cost, sales and manufacturing. Know-How shall not include any Patent or any information disclosed in a published Patent.

1.33 "**Licensed Field**" has the meaning set forth in the Option Agreement.

1.34 "**Licensed Yale IP**" means any and all Know-How and Patents licensed to Arvinas by Yale University pursuant to the Yale Agreement included in the Arvinas Background IP.

1.35 "**Linker**" means any linker that attaches the Ubiquitin Ligase Binding Moiety and the Target Binding Moiety.

1.36 "**LLC Agreement**" means that certain Amended and Restated Limited Liability Company Agreement by and among the Company, Arvinas and Bayer dated as of June 3, 2019 (as amended, restated and/or otherwise modified from time to time).

1.37 "**Manufacture**" or "**Manufacturing**" means to make, have made, produce, manufacture, process, fill, finish, package, label, perform quality assurance testing, release, ship or store a compound or product or any component thereof. When used as a noun, "Manufacture" or "Manufacturing" means any and all activities involved in Manufacturing a compound or product or any component thereof.

1.38 "**Option Agreement**" means that Option Agreement by and among Company, Bayer and Arvinas entered into on the date of the Closing, as amended, restated and/or otherwise modified from time to time.

1.39 "**Party**" or "**Parties**" has the meaning set forth in the first paragraph.

1.40 "**Patent(s)**" means any and all patents and patent applications and any patents issuing therefrom or claiming priority to, worldwide, together with any extensions (including patent term extensions and supplementary protection certificates) and renewals thereof, reissues, reexaminations, substitutions, confirmation patents, registration patents, invention certificates, patents of addition, renewals, divisionals, continuations, and continuations-in-part of any of the foregoing.

1.41 "**Product Transfer Agreement**" has the meaning set forth in the Option Agreement.

1.42 "**PROTAC**" means a molecule that contains a Target Binding Moiety and an Ubiquitin Ligase Binding Moiety, linked together via a Linker or chemical bond, and whose primary mechanism of action by design is the degradation of the protein target(s) of such Target Binding Moiety.

1.43 "**Research**" means to identify, research or discover a process, compound or product, including work comprising the following activities: chemical synthesis, chemical optimization, developing in vitro screening assays and model plant assays, generating genetic tools for Company Product candidates, conducting comparative genomics on a structural and functional level, cloning and expression of genes and pathways, engineering cellular functions in view of use case, enzyme design and analytics, and testing the performance of a Company Product in model plants. When used as a noun, "Research" means any and all activities involved in Researching.

1.44 "**Sublicense**" means to sublicense, grant any other right with respect to, or agree not to assert, directly or indirectly, any Know-How or Patents licensed to a Party under this Contribution Agreement. When used as a noun, "Sublicense" means any agreement to Sublicense.

1.45 "**Sublicensee**" means any Third Party other than an Affiliate to whom a Party or an Affiliate of such Party grants a Sublicense.

1.46 "**Target**" means any protein identified by its UniProt number, including all splice variants, mutants, natural variants, etc. reasonably associated with such UniProt number that could serve as a molecular target for a PROTAC.

1.47 "**Target Binding Moiety**" means a moiety that binds to a Target and, for clarity, does not include a Linker or an Ubiquitin Ligase Binding Moiety.

1.48 "**Territory**" means all countries of the world.

1.49 "**Third Party**" means any entity other than Arvinas or Company or an Affiliate of either.

1.50 "**Third Party Obligations**" means any non-financial encumbrances, obligations, restrictions, or limitations imposed by an In-License Agreement, including field or territory restrictions, covenants, diligence obligations or limitations pertaining to prosecution or enforcement of intellectual property rights.

1.51 "**Ubiquitin Ligase Binding Moiety**" means a moiety that binds to an ubiquitin ligase complex.

1.52 "**Valid Claim**" means, with respect to a particular country, a claim of an issued and unexpired Patent that has not been (a) rejected, revoked or held to be invalid, unenforceable or unpatentable by a court or other authority of competent jurisdiction, from which decision no appeal can be further taken, or (b) finally abandoned, disclaimed or admitted to be invalid, unenforceable or unpatentable, including through reissue or disclaimer. In order to be a Valid Claim, any claim being prosecuted in a pending patent application must be prosecuted in good faith and not have been pending for more than [**] from the filing date of the first utility patent application (or equivalent concept in any such country) in the patent application family of such patent application in the country in question, in which case it will cease to be considered a Valid Claim unless such patent application issues as a patent reciting said claim and such patent otherwise satisfies this definition.

1.53 "**Yale Agreement**" means that certain License Agreement between Yale University and Arvinas dated as of July 5, 2013, as previously amended as of May 8, 2014, October 23, 2014, April 1, 2015, September 30, 2015, December 19, 2018 and June 3, 2019.

1.54 "**Yale Letter Agreement**" means that letter agreement between Yale University and Arvinas, dated as of June 3, 2019, and attached hereto as Schedule 1.54.

1.55 The following terms will have the meanings defined in the Section of this Contribution Agreement or such other agreement as indicated. Unless otherwise noted, the indicated Section refers to the appropriate Section of this Contribution Agreement.

Term	**Where defined**
Applicable Field	Section 1.1 of the Commitment Agreement
Applicable Law	Section 1.01 of the LLC Agreement
Arvinas	first paragraph
Bankrupt Party	Section 9.2.5
Bayer Background IP	Article 1 of the Bayer IPCA
Change of Control	Section 1.01 of the LLC Agreement
Closing	Section 1.1 of the Commitment Agreement
Commitment Agreement	first recital
Company	first paragraph
Effective Date	first paragraph
Electronic Transmission	Section 9.2.12
Exclusivity Research Exception	Section 1.1 of the Commitment Agreement
Existing Arvinas In-License Agreements	Section 2.1.5(a)(i)
Grantback Ex-Ag Field	Section 2.2.1
Initial Purpose	Section 1.01 of the LLC Agreement
Party(ies)	first paragraph
Permitted COC Transfer	Section 1.01 of the LLC Agreement

Term	Where defined
Person	Section 1.01 of the LLC Agreement
Term	Section 1.01 of the LLC Agreement
Transaction Documents	Section 1.1 of the Commitment Agreement

ARTICLE 2.
LICENSE GRANTS

2.1 **License Grants to Company**.

2.1.1 **License Grant to Arvinas Background IP**. Subject to the terms of this Contribution Agreement, Arvinas hereby grants to Company an irrevocable (except as specified in the Commitment Agreement), worldwide, royalty-free, fully paid-up, transferable (in accordance with Section 8.1):

(a) exclusive (even as to Arvinas and its Affiliates) and sublicenseable (solely as permitted by Section 2.1.3), license under the Arvinas PROTAC IP, Arvinas Ligase IP and Arvinas Linker IP to Research, Develop, Manufacture, use and Commercialize Company Products in the Field; *provided*, *however*, *that*, Arvinas retains for itself and its Affiliates the non-exclusive, non-sublicenseable right to practice the foregoing Arvinas PROTAC IP, Arvinas Ligase IP and Arvinas Linker IP for the activities permitted under the Exclusivity Research Exception;

(b) non-exclusive and sublicenseable (solely as permitted by Section 2.1.3), license under the Arvinas Target IP to Research, Develop, Manufacture, use and Commercialize Company Products in the Field; and

(c) non-exclusive and non-sublicenseable license under the Arvinas Assay IP to Research, Develop, Manufacture, use and Commercialize Company Products in the Field.

2.1.2 **Acknowledgement**. Each of Arvinas and Company hereby acknowledge and agree that the licenses to Company of the Arvinas Contributed IP pursuant to Section 2.1.1 of this Contribution Agreement are intended to be treated as a contribution of property pursuant to 26 U.S. Code §721.

2.1.3 **Sublicenses**.

(a) Company may grant a sublicense of its rights to the Arvinas PROTAC IP, Arvinas Ligase IP, Arvinas Linker IP and Arvinas Target IP, under the license grants to Company of Section 2.1.1 only in the following circumstances and to the following entities:

(i) to Research and Develop any Company Product in the Applicable Field for such Company Product to a subcontractor assisting Company or its Affiliates in performing Company's Research and Development of such Company Product;

(ii) solely as necessary to Manufacture a Company Product in support of Company's or its Affiliates' Research and Development, use or Commercialization of such Company Product in the Applicable Field for such Company Product; and

(iii) to a distributor or importer assisting Company or its Affiliates in its Commercialization of any Company Product in the Applicable Field for such Company Product.

(b) Under a Product Transfer Agreement and provided Company is licensing Know-How and Patents it Controls (other than Know-How or Patents licensed to it under this Contribution Agreement or the Bayer IPCA) in the same transaction, Company may grant a sublicense of its rights to the Arvinas PROTAC IP, Arvinas Ligase IP, Arvinas Linker IP and Arvinas Target IP, under the license grants to Company of Section 2.1.1, (i) to Bayer or one of its Affiliates or (ii) to a Third Party, in each case of (i) and (ii), to Research, Develop, Manufacture, use and Commercialize the Company Product that is the subject of such Product Transfer Agreement in the Licensed Field.

(c) Each such Sublicense granted pursuant to Section 2.1.3(a) or 2.1.3(b) will be subject and subordinate to, and consistent with, the terms and conditions of this Contribution Agreement and will require each Sublicensee thereunder to comply with all applicable terms of this Contribution Agreement and Third Party Obligations under Arvinas' In-License Agreements for any in-licensed Arvinas Background IP being sublicensed. Further, with respect to each sublicense granted by Company pursuant to Section 2.1.3(b), Company will, as soon as reasonably practicable thereafter, provide Arvinas with a copy of any such executed sublicense agreement. Notwithstanding the grant of any Sublicense, Company shall remain primarily liable to Arvinas for the performance of all of Company's obligations under, and Company's compliance with all provisions of, this Contribution Agreement.

2.1.4 **License Conditions**. Company hereby acknowledges and agrees that its rights and obligations hereunder, including its rights pursuant to Sections 2.1.1 and 2.1.3 are subject to and limited by Third Party Obligations of any In-License Agreements for Know-How or Patents within the Arvinas Background IP, including, with respect to the Licensed Yale IP, the terms and conditions of Schedule 2.1.4.

2.1.5 **In-Licenses; Third Party Payments**.

(a) In-License Agreements.

(i) Except as set forth on Schedule 2.1.5(a)(i), as of the Effective Date, Arvinas is not a party to any In-License Agreement for Know-How or Patents included within the Arvinas Background IP existing as of the Effective Date (the "**Existing Arvinas In-License Agreements**").

(ii) Subject to Section 2.1.5(b)(ii) below, in the event that, after the Effective Date, Arvinas seeks to in-license Know-How or Patents that would be deemed Arvinas Background IP for purposes of the licenses granted to Company under Section 2.1.1, Arvinas will use commercially reasonable efforts to obtain under the corresponding In-License Agreements the right to sublicense such Know-How and Patents to Company as part of the Arvinas Background IP.

(b) Third Party Payments under In-License Agreements.

(i) Subject to Section 4.4 hereof and to Section 3 of Schedule 2.1.4, Arvinas will be responsible for all payments associated with any Existing Arvinas In-License Agreements as a result of the grant to, and exercise by, Company of the licenses under Section 2.1.1.

(ii) In the event that, after the Effective Date, Arvinas in-licenses Know-How or Patents that would be deemed Arvinas Background IP for purposes of the licenses granted to Company under Section 2.1.1 but for Arvinas owing payments or other consideration under the corresponding In-License Agreement for such Know-How or Patents, Arvinas will notify Company of the existence of and anticipated amounts of such payments and Company will have the right to decline a sublicense to such in-licensed Know-How or Patents or take such a sublicense. If Company elects to take such a sublicense, Company agrees to comply with any obligations of Arvinas, under any such In-License Agreement with respect to such Know-How or Patents, that apply to Company and of which Company was informed by Arvinas, including any obligation to make such payments. Further, in the event Company elects to take such a sublicense, Company will make such payments, or deliver such other consideration as may be mutually agreed to between Arvinas and Company, within [**] of receiving an invoice from Arvinas for the same.

2.2 **Company License Grants**.

2.2.1 Subject to the terms of this Contribution Agreement, Company hereby grants to Arvinas a royalty-free, fully paid-up, worldwide, transferable (in accordance with Section 8.1), sublicenseable (through multiple tiers and without Company's prior consent), non-exclusive license under the Company IP **(**other than the subset thereof licensed by Bayer to Company under the Bayer IPCA) for the Research, Development, Manufacture, use and Commercialization of products outside of the Field (the "**Grantback Ex-Ag Field**"); *provided, however, that*, for any such Company IP that is in-licensed by Company, if Company's rights are for a field that includes the Grantback Ex-Ag Field and to the extent permitted under the terms of the corresponding In-License Agreement therefor and subject to Arvinas' compliance with the rest of this Section 2.2.1, then Company hereby grants to Arvinas a non-exclusive, worldwide, transferable (in accordance with Section 8.1), sublicenseable, sublicense in and to such in-licensed Company IP for any and all purposes in the Grantback Ex-Ag Field; *but, further provided that*, Arvinas will have the right to decline any such sublicense grant in writing to Company and, if Arvinas does not so decline, then Arvinas hereby agrees to comply with any obligations of Company under any such In-License Agreement with respect to such in-licensed Company IP that apply to Arvinas and of which Arvinas was informed by Company, including any obligation to make payments for Arvinas' use of the same in the Grantback Ex-Ag Field, and to make such payments (or deliver such other consideration as may be mutually agreed to between Company and Arvinas) to Company within [**] of receiving an invoice from Company for the same.

2.2.2 In the event after the Effective Date Company elects to in-license Know-How or Patents that would be Company IP, Company will use commercially reasonable efforts to obtain in the corresponding In-License Agreement therefor all of the sublicense rights set forth above in Section 2.2.1 as well as an unrestricted right to assign its rights and obligations under any such In-License Agreement to an Affiliate or to a successor to substantially all of the business to which such In-License Agreement relates, whether in a merger, sale of stock, sale of assets, reorganization or other transaction. Company will not renegotiate or agree to any amendment of any of its In-License Agreements that would adversely affect any sublicense or assignment rights of Company under such In-License Agreements without Arvinas' and Bayer's express prior written consent or adversely affect any rights of Arvinas or Bayer then existing under such In-License Agreements without the express prior written consent of Arvinas or Bayer, as applicable.

2.3 **No Implied Licenses**. All rights in and to Arvinas' and its Affiliates' Know-How, Patents and other intellectual property rights not expressly licensed to Company under this Contribution Agreement are hereby retained by Arvinas or its Affiliates, as applicable. All rights in and to any Know-How, Patents and other intellectual property rights of Company and its Affiliates not expressly licensed to Arvinas under this Contribution Agreement are hereby retained by Company or its Affiliates, as applicable. Except as expressly provided in this Contribution Agreement, no Party will be deemed by estoppel or implication to have granted the other Party any licenses or other right with respect to any of such Party's Know-How, Patents and other intellectual property rights.

ARTICLE 3.
INTELLECTUAL PROPERTY MATTERS

3.1 **Intellectual Property Matters**. Subject to the rights and licenses granted herein, the rights and obligations of the Parties with respect to the ownership of, prosecution and maintenance, and enforcement of Know-How and Patents arising under the activities performed in the exercise of rights licensed or retained under this Contribution Agreement will be governed by the IPMA.

3.2 **No Other Rights**. Except as otherwise expressly provided in this Contribution Agreement or the IPMA, under no circumstances will a Party or any of its Affiliates, as a result of this Contribution Agreement, obtain any ownership interest, license or other right in or to any Know-How, Patents or other intellectual property rights of the other Party, including tangible or intangible items owned, controlled or developed by such other Party, or provided by such other Party to such Party at any time, pursuant to this Contribution Agreement. Neither Party nor any of its Affiliates will use or practice any Know-How, Patents or other intellectual property rights licensed or provided to such Party or any of its Affiliates outside the scope of or otherwise not in compliance with the rights and licenses granted to such Party and its Affiliates under this Contribution Agreement, except to the extent the same is otherwise available to the public through no fault or breach of a Party obligated to keep confidential such publicly available Know-How or other intellectual property rights.

3.3 **Unauthorized Use of Arvinas Contributed IP**. Company will institute reasonable procedures to prevent the Arvinas Contributed IP from being used, practiced, sublicensed or otherwise exploited outside of the Research, Development, Manufacture, use and Commercialization of Company Products in the Field. After receiving notice from Arvinas alleging a specific breach, Company will investigate (with Arvinas having the right to participate in such investigation) the use of the Arvinas Contributed IP, and if Company identifies any unauthorized use of the Arvinas Contributed IP, Company will immediately cease, and will cause to immediately be ceased, such use, and will implement, and will cause to be implemented, reasonable procedures to prevent such unauthorized use of the Arvinas Contributed IP in the future.

ARTICLE 4.
REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties of the Parties**. Each of Arvinas and Company hereby represents and warrants to the other as of the Effective Date that:

4.1.1 It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation.

4.1.2 It (a) has the requisite power and authority and the legal right to enter into this Contribution Agreement and to perform its obligations hereunder and (b) has taken all requisite action on its part to authorize the execution and delivery of this Contribution Agreement and the performance of its obligations hereunder.

4.1.3 It has the requisite resources and expertise to perform its obligations hereunder.

4.1.4 The execution, delivery and performance of this Contribution Agreement by it (a) constitutes a legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, except to the extent that the enforceability may be affected by bankruptcy, insolvency, and other laws of general application affecting the enforcement of creditors' rights and by general principles of equity that may limit the availability of equitable remedies, and (b) will not constitute a default under or conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it is bound, or violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

4.1.5 It has obtained all necessary consents, approvals and authorizations of all Governmental Authorities and other Persons or entities required to be obtained by it in connection with the execution and delivery of this Contribution Agreement.

4.2 **Additional Representations and Warranties of Arvinas**. Arvinas hereby further represents and warrants to Company, as of the Effective Date, that, except as otherwise set forth on Schedule 4.2:

4.2.1 Schedule 4.2.1 sets forth a true, correct and complete list of all patents and patent applications within the Arvinas Background IP, as of the Effective Date, indicating for each such patent and patent application whether it is the subject of a registration or application issued, filed with, or recorded by any Governmental Authority, and specifying, where applicable, the jurisdiction in which such patent Controlled by Arvinas have been issued or registered or in which jurisdiction such patent application Controlled by Arvinas for such issuance and registration has been filed, including, as applicable, the respective registration and application numbers, the names of all registered owners or applicants, and the filing dates and, if applicable, issue dates.

4.2.2 With respect to the patents and patent applications within the Arvinas Background IP for which Arvinas controls prosecution and maintenance, Arvinas has (a) to the knowledge of Arvinas, complied with all Applicable Laws in connection with the prosecution and maintenance of such patents and patent applications, and (b) timely paid all filing, issuance, maintenance and renewal fees payable for such patents and patent applications. Arvinas or one of its Affiliates has obtained an assignment from each inventor of the inventions claimed by the Arvinas-owned patents and patent applications within the Arvinas Background IP, and all such assignments have been recorded with the Governmental Authority where such patents have issued or patent applications have been filed.

4.2.3 Arvinas owns or has the right to use the Arvinas Background IP existing as of the Effective Date, except as set forth in Schedule 4.2.3, free and clear of any liens, charges and encumbrances (other than licenses granted to Third Parties that are not inconsistent with the rights and licenses granted to Company hereunder and other than the licenses granted to Company hereunder); *provided, however, that* the foregoing is not a representation of non-infringement of the intellectual property rights of another Person, which representation is solely set forth in Section 4.2.7 below. Arvinas has the right to grant sublicenses to Company of the scope contemplated under Section 2.1.1 under the Licensed Yale IP, and any other in-licensed Patents or Know-How included in the Arvinas Background IP, in each case, existing as of the Effective Date of this Contribution Agreement.

4.2.4 No Person has challenged in writing the scope, validity or enforceability of any Arvinas-owned patent within the Arvinas Background IP (including, by way of example, through the institution, or written threat of institution, of interference, cancellation, opposition, reissue, reexamination or similar invalidity proceeding before the United States Patent and Trademark Office or any equivalent foreign Governmental Authority). To the knowledge of Arvinas, the Arvinas-owned patents within the Arvinas Background IP are valid and enforceable.

4.2.5 (a) To the knowledge of Arvinas, no Person has infringed, misappropriated or otherwise violated the owned Arvinas Background IP existing as of the Effective Date, and (b) neither Arvinas nor any of its Affiliates has filed or made any written claim against any Person alleging any infringement, misappropriation, or other violation of any owned Arvinas Contributed IP existing as of the Effective Date, in each case of (a) and (b), where such Person is engaged in activities that are reasonably similar to the Initial Purpose of the Company.

4.2.6 As of the Effective Date and to the best of Arvinas' knowledge, neither Arvinas nor any of its Affiliates Controls any Know-How or Patents other than the Arvinas Background IP, as the same exists as of the Effective Date, that would be necessary for Company to Research, Develop, Manufacture, use or Commercialize Company Products in the Field as contemplated under the LLC Agreement as of the Effective Date, excluding commercially available software and commercially available laboratory materials.

4.2.7 As of the Effective Date and to the knowledge of Arvinas, the Research, Development, Manufacture, use and Commercialization of Company Products in the Field using the owned Arvinas Background IP as contemplated under the Transaction Documents does not infringe any duly issued and unexpired patent of any Third Party.

4.2.8 As of the Effective Date, none of the Arvinas Background IP owned by Arvinas and existing as of the Effective Date is subject to any pending or outstanding injunction, order, decree, award, settlement, judgment or other disposition of dispute that (a) would reasonably be expected to adversely restrict the use of the same within the scope of the licenses granted to Company pursuant to Section 2.1.1, or (b) otherwise would reasonably be expected to adversely affect the scope, validity or enforceability of any Arvinas Background IP owned by Arvinas and existing as of the Effective Date.

4.2.9 There have not been any, and, as of the Effective Date, there are no pending or, to the knowledge of Arvinas, threatened in writing, action, claim, demand, suit, proceeding, arbitration, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, regulatory or otherwise, in law or in equity, against Arvinas or any of its Affiliates, in each case, in connection with the Arvinas Background IP owned by Arvinas and existing as of the Effective Date; *provided, however, that* nothing in this Section 4.2.9 will be interpreted as requiring Arvinas to have undertaken any inquiries or to have obtained any freedom to operate opinions.

4.3 **Arvinas Covenants**. Arvinas hereby covenants to Company that, except as expressly permitted under this Contribution Agreement, it will not amend, modify or terminate any In-License Agreements in a manner that would have a material adverse effect on Company's rights hereunder.

4.4 **Company Covenants**. Company hereby covenants to Arvinas that, in the event that the Yale Agreement is terminated and, notwithstanding such termination, Company retains its sublicense under the Licensed Yale IP as included in the license granted to Company pursuant to Section 2.1.1(a), Company will comply with the obligations applicable to Company under the terms of the Yale Letter Agreement. The foregoing will in no way limit the Company's continued obligation under Section 2.1.4 hereof.

4.5 **Disclaimer**. Except as otherwise expressly set forth in this Contribution Agreement, neither Party nor its Affiliates makes any representation or extends any warranty of any kind, either express or implied, including any warranty of merchantability, fitness for a particular purpose or non-infringement. Company and Arvinas acknowledge and agree that any Company Product will be the subject of ongoing Research and Development and that neither Party can assure the safety, usefulness, technical or scientific viability or commercial success of any Company Product.

ARTICLE 5.
TERM; TERMINATION

5.1 **Contribution Agreement Term; Expiration**. This Contribution Agreement is effective as of the Effective Date and shall terminate upon expiration of the Term.

5.2 **Consequences of Expiration or Termination of the Contribution Agreement**.

5.2.1 The terms of Section 6.2 of the Commitment Agreement will determine the consequences of termination of this Contribution Agreement.

5.2.2 The following Articles and Sections of this Contribution Agreement will survive termination of this Contribution Agreement: Article 1 (Definitions), Article 6 (Confidentiality), Article 7 (Dispute Resolution) and Article 9 (Notices and Miscellaneous), and Section 2.1.4 (License Conditions) (together with Schedule 2.1.4), Section 4.5 (Disclaimer) and this Section 5.2.2.

ARTICLE 6.
CONFIDENTIALITY

6.1 **Confidentiality**. Each Party's obligations with respect to Confidential Information (as defined in the LLC Agreement) of the other Party that such Party receives, has access to or becomes acquainted with will be governed by the confidentiality provisions specified in Section 11.01 of the LLC Agreement and such Section is hereby incorporated by reference.

ARTICLE 7.
DISPUTE RESOLUTION

7.1 **Dispute Resolution**. Without limitation of the choice of law and jurisdiction of Sections 7.3 and 7.4, respectively, hereof, the Parties hereby agree that controversies or claims arising out of or relating to this Contribution Agreement, or the interpretation, performance, breach, termination or validity thereof, shall be resolved in accordance with the escalation procedure set forth in Section 8.14 of the LLC Agreement and such Section is hereby incorporated by reference.

7.2 **Attorneys' Fees**. If any Action at law or in equity (including, arbitration) is necessary to enforce or interpret the terms of this Contribution Agreement, including claims for fraud and/or fraudulent inducement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements, in addition to any other relief to which such Party may be entitled.

7.3 **Governing Law**. The Parties agree that this Contribution Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

7.4 **Jurisdiction**. Unless otherwise specified in this Contribution Agreement, each Party to this Contribution Agreement, by its execution hereof, unless otherwise prohibited by Applicable Law (a) hereby irrevocably submits to the exclusive jurisdiction of the state courts of the State of New York in the Borough of Manhattan and to the United States District Court for the Southern District of New York for the purpose of any Action among the Parties, (b) hereby waives and agrees not to assert, by way of motion, as a defense or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that any such Action brought in one of the above-named courts should be dismissed on grounds of forum non conveniens, should be transferred or removed to any court other than one of the above-named courts, or should be stayed by reason of the pendency of some other proceeding in any court other than one of the above-named courts, or that this Contribution Agreement or the subject matter hereof may not be enforced in or by such court, and (c) to the extent that an Action can be commenced in a court, agrees not to commence any such Action in any court other than before one of the above-named courts. Notwithstanding the previous sentence, a Party hereto may commence any Action in a court other than the above-named courts for the purpose of enforcing an order or judgment issued by one of the above-named courts.

7.5 **Venue**. No Party hereto will assert that venue should properly lie in any other location within the selected jurisdiction.

7.6 **Waiver of Jury Trial**. Each of the Parties hereby waives to the fullest extent permitted by Applicable Law any right it may have to a trial by jury with respect to any Action or liability directly or indirectly arising out of, under or in connection with this Contribution Agreement or the transactions contemplated by this Contribution Agreement. Each of the Parties hereby (a) certifies that no representative of the other Party has represented, expressly or otherwise, that such other Party would not, in the event of any such Action or liability, seek to enforce the foregoing waiver, and (b) acknowledges that it has been induced to enter into this Contribution Agreement and the transactions contemplated by this Contribution Agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 7.6.

7.7 **Specific Performance**. Each of the Parties hereto acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Contribution Agreement are not performed in accordance with their specific terms or otherwise are breached or violated. Accordingly, each of the Parties hereto agrees that, without posting a bond or other undertaking, the other Party may seek (and obtain) an injunction or injunctions to prevent breaches or violations of the provisions of this Contribution Agreement and to enforce specifically this Contribution Agreement and the terms and provisions hereof in any Action instituted in any court specified herein. An Action for specific performance as provided herein shall not preclude a Party hereto from pursuing any other remedy to which such Party may be entitled, at law or in equity, in accordance with the terms of this Contribution Agreement. Each Party hereto further agrees that, in the event of any action for specific performance in respect of such breach or violation, it will not assert as a defense that a remedy at law would be adequate; *provided*, *however*, *that* each Party hereto also agrees that any Party hereto can assert any other defense it may have other than the defense of adequate remedy at law.

ARTICLE 8.
ASSIGNMENT

8.1 **Assignment**. Except as permitted under the Commitment Agreement (including an assignment by Arvinas in connection with a Permitted COC Transfer, for which no consent will be required) or this Contribution Agreement, neither this Contribution Agreement nor any of the rights, interests and obligations hereunder will be assigned by a Party without the prior written consent of the other Party; *provided, however, that* either Party may assign this Contribution Agreement to an Affiliate upon providing prior written notice to the other Party (*provided, that* such Party remains primarily liable for all obligations of such Affiliate following such assignment). Subject to the prior sentence, this Contribution Agreement will be binding upon and will inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns.

ARTICLE 9.
NOTICES AND MISCELLANEOUS

9.1 **Notices**. All notices, requests, consents, claims, demands, waivers and other communications hereunder will be in writing and will be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as will be specified in a notice given in accordance with this Section 9.1):

To Arvinas:	c/o Arvinas, Inc. 5 Science Park 395 Winchester Avenue New Haven, CT 06511 USA Attention: Legal Department
With a copy to:	Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 USA Attention: Robert E. Puopolo and Karen A Spindler Email: rpuopolo@goodwinlaw.com and kspindler@goodwinlaw.com and Bayer CropScience LP c/o Bayer AG Law, Patents & Compliance / M&A Kaiser-Wilhelm-Allee, Building Q26 D-51368 Leverkusen Germany Attention: Dr. Christian Bank Email: christian.bank@bayer.com Orrick, Herrington & Sutcliffe LLP 1000 Marsh Road Menlo Park, CA 94025-1015 USA Attention: Matthew R. Gemello Email: mgemello@orrick.com
To Company:	c/o Arvinas, Inc. 5 Science Park 395 Winchester Avenue New Haven, CT 06511 USA Attention: Legal Department
With a copy to:	Goodwin Procter LLP 100 Northern Avenue Boston, MA 02210 USA Attention: Robert E. Puopolo and Karen A Spindler Email: rpuopolo@goodwinlaw.com and kspindler@goodwinlaw.com

Solely for purposes of enforcing its rights to receive copies of notices to Arvinas under this Section 9.1, Bayer shall be an express Third Party beneficiary of this Section 9.1.

9.2 **Miscellaneous**.

9.2.1 No provision of this Contribution Agreement may be amended or modified, or compliance otherwise waived, except by a writing executed by each Party.

9.2.2 The terms and conditions of this Contribution Agreement shall be interpreted according to the common sense meaning intended by the Parties and in accordance with the principles of good faith and fair dealing.

9.2.3 The Parties have participated jointly in the negotiation and drafting of this Contribution Agreement. In the event an ambiguity or question of intent or interpretation arises, this Contribution Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Contribution Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

9.2.4 Every day commences at 12:00 a.m. and ends at 11:59 p.m. (midnight) New York time. Any reference in this Contribution Agreement to a number of days "in" which an action or notice is to be taken or given, shall be interpreted in such way that the term commences the day after the date taken as reference and that the action or notice shall be validly taken or given at the last day. Any reference in this Contribution Agreement to a "day" or a number of "days" without explicit qualification of "business" shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given on, the next Business Day.

9.2.5 All rights and licenses granted under or pursuant to this Contribution Agreement by Arvinas or Company, as applicable, are, and will otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of right to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code. The Parties agree that each Party, as licensee of certain rights under this Contribution Agreement, will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party (such Party, the "**Bankrupt Party**") under the U.S. Bankruptcy Code, the other Party will be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property licensed to such other Party and all embodiments of such intellectual property, which, if not already in such other Party's possession, will be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon such other Party's written request therefor, unless the Bankrupt Party elects to continue to perform all of its obligations under this Contribution Agreement or (b) if not delivered under clause (a), following the rejection of this Contribution Agreement by the Bankrupt Party upon written request therefor by the other Party.

9.2.6 This Contribution Agreement and the other Transaction Documents, constitute the sole and entire agreement of the Parties to this Contribution Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. In the event of a conflict between this Contribution Agreement and the Commitment Agreement, the provisions of the Commitment Agreement shall control.

9.2.7 The headings in this Contribution Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Contribution Agreement or any provision of this Contribution Agreement.

9.2.8 If any term or provision of this Contribution Agreement is held to be invalid, illegal or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Contribution Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties hereto will negotiate in good faith to modify this Contribution Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

9.2.9 Any mistaken reference to Articles, clauses, Sections, Schedules or paragraphs of this Contribution Agreement shall be amended according to common sense and good faith rules. When a reference is made in this Contribution Agreement to an Article, clause, Section, Schedule or paragraph, such reference will be to an Article, clause, Section, Schedule or paragraph unless otherwise indicated.

9.2.10 No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No single or partial exercise of any right, power or privilege shall preclude any other or further exercise thereof, or the exercise of any other right, power or privilege unless explicitly provided for in this Contribution Agreement.

9.2.11 Subject to the terms of and restrictions in this Contribution Agreement, the reference to any Party shall include its successors or permitted assignees or transferees that have legally acquired its rights, obligations and/or duties. This Contribution Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assignees and transferees and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, unless otherwise specified therein.

9.2.12 This Contribution Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Contribution Agreement delivered by facsimile, e-mail or other means of Electronic Transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Contribution Agreement. For purposes of this Section 9.2.12, "**Electronic Transmission**" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

9.2.13 Whenever the words "include," "includes" or "including" are used in this Contribution Agreement, they will be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Contribution Agreement will refer to this Contribution Agreement as a whole and not to any particular provision of this Contribution Agreement. All terms used herein with initial capital letters have the meanings ascribed to them herein and all terms defined in this Contribution Agreement will have such defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Contribution Agreement are applicable to the singular as well as the plural forms of such terms. Words importing gender include all genders. Any agreement, instrument or statute defined or referred to herein, or in any agreement or instrument that is referred to herein, means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. The use of "or" is not intended to be exclusive unless expressly indicated otherwise.

9.2.14 Both Parties are independent contractors under this Contribution Agreement. Nothing herein contained will be deemed to create an employment, agency or partnership relationship between the Parties hereto or any of their agents or employees, or any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party, except to the extent specifically agreed to in a written agreement signed by the Parties. Neither Party will have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

9.2.15 Sections 2.1 and 2.2 of this Contribution Agreement will automatically become effective as of the time of the Closing without any action by any Party, and this Contribution Agreement will terminate and be of no further force and effect upon a termination of the Commitment Agreement prior to the occurrence of the Closing, except for its surviving terms pursuant to Section 5.2.2 hereof.

[*SIGNATURE PAGE FOLLOWS*]

* - * - * - *

IN WITNESS WHEREOF, the Parties have caused this Contribution Agreement to be executed by their representatives thereunto duly authorized as of the Effective Date.

PROTAG LLC		**ARVINAS OPERATIONS, INC.**	
By:	/s/ Sean Cassidy	By:	/s/ Sean Cassidy
Name:	Sean Cassidy	Name:	Sean Cassidy
Title:	Authorized Signatory	Title:	CFO & Treasurer

Schedule 2.1.4
Additional License Terms for Licensed Yale IP

Company acknowledges that its sublicense and other rights under this Contribution Agreement to the Licensed Yale IP are subject to the additional terms and conditions, and Company agrees to comply with such additional terms and conditions, set forth below. Unless otherwise noted, the indicated Section refers to the appropriate Section of this Contribution Agreement.

1. Government Rights.

   (a) Company acknowledges that, to the extent that any invention included within the Licensed Yale IP has been funded in whole or in part by the United States government, the United States government retains certain rights in such invention as set forth in 35 U.S.C. §200-212 and all regulations promulgated thereunder, as amended, and any successor statutes and regulations (the "**Federal Patent Policy**").

   (b) As a condition of the licenses granted under Section 2.1 of this Contribution Agreement, Company acknowledges and shall comply with all aspects of the Federal Patent Policy that are applicable to the Licensed Yale IP, including any obligation that Company Products used or sold in the United States be manufactured substantially in the United States.

2. Yale Retained Rights. Company acknowledges that Yale University ("**Yale**") retains the right, on behalf of itself and all other non-profit academic research institutions, to make, use and practice the Licensed Yale IP for research, clinical, teaching or other non-commercial purposes, and not for purposes of commercial development, use, manufacture or distribution purposes.

3. Patent Challenge. Company acknowledges that:

   (a) In the event that (i) (A) Company brings a Patent Challenge (as such term is defined in the Yale Agreement) anywhere in the world, or (B) Company assists another party in bringing a Patent Challenge (as such term is defined in the Yale Agreement) anywhere in the world (except under a court order or subpoena), then (1) provided such PATENT CHALLENGE is brought during the period specified in Sections 6.1 and 7.3 of the Yale Agreement during which Yale is owed an EARNED ROYALTY or a percentage of SUBLICENSE INCOME, then commencing on the date on which such PATENT CHALLENGE is brought and continuing until, as applicable, either (x) the date on which such PATENT CHALLENGE results in a determination that no challenged claims are valid or infringed or (y) the date of expiration of the period specified in Sections 6.1 and 7.3 of the Yale Agreement during which Yale is owed an EARNED ROYALTY or a percentage of SUBLICENSE INCOME (in the case where such PATENT CHALLENGE results in a determination that at least one challenged claim is both valid and infringed), Company will pay to Yale an annual penalty fee of [**] Dollars (U.S. $[**]) within [**], as applicable, the period specified in clause (x) or clause (y), and (2) solely if such PATENT CHALLENGE results in a determination that at least one challenged claim is both valid and infringed, Company will promptly reimburse Yale for all legal fees and expenses incurred in Yale's defense against such PATENT CHALLENGE.

   (b) Company will not bring a PATENT CHALLENGE without first providing Yale at least [**] prior written notice setting forth (i) precisely which claims and patents are being challenged or claimed not to be infringed, (ii) a clear statement of the factual and legal basis for the challenge, and (iii) an identification of all prior art and other matter believed to invalidate any claim of the patent within the Licensed Yale IP at issue at issue or which supports the claim that the patent within the Licensed Yale IP at issue at issue is not infringed.

(c) Any payments to be made to Yale by Company pursuant to Section 3(a) of this Schedule 2.1.4 will be made to the account listed below (or such other account as Arvinas designates before such payment is due):

Bank Name:	[**]
ABA Number:	[**]
ABA Number:	[**]
SWIFT Number:	[**]
Account Title:	[**]
Account Number:	[**]
Yale Contract Number:	**[**]**
Federal Tax ID # for Yale University: 06-0646973	

(d) Any payments to be made to Yale by Company pursuant to Section 3(a) of this Schedule 2.1.4 will be made in United States Dollars. If overdue, such payment will bear interest until payment at a per annum rate of [**] percent ([**]%) above the prime rate in effect at Citibank on the due date and Yale will be entitled to recover reasonable attorneys' fees and costs related to the collection of such payment following such failure to pay. The payment of such interest will not foreclose Yale from exercising any other right it may have as a consequence of the failure of Company to make such payments when due.

4. Patent Marking. Company agrees to mark, and to require that its Affiliates and Sublicensees mark, all Company Products that are also VALID CLAIM PRODUCTS and tangible products, with the numbers of all issued patents included in Licensed Yale IP that cover such Company Products, and, without limiting the foregoing, all such Company Products will be marked in such a manner as to conform with the patent marking notices required by the law of any country where such Company Products are made, sold, used or shipped, including, but not limited to, the applicable patent laws of that country.

5. Indemnification. Company will indemnify, defend by counsel reasonably acceptable to Yale, and hold harmless Yale and its trustees, officers, employees and agents, from and against any liability, cost expense, damage, deficiency, loss or obligation, of any kind or nature arising out of a third party claim (including, without limitation, reasonable attorneys' fees and other costs and expenses of defense) (collectively, "**Claims**"), based upon, arising out of or otherwise relating the license granted to Company under Section of 2.1.1(a) under the Licensed Yale IP, including, without limitation, any cause of action relating to product liability, or any theory of liability (including, without limitation, tort, warranty or strict liability) or the death, personal injury, or illness of any person, or out of damage to any property related in any way to the rights granted to Company under Section of 2.1.1(a) to the Licensed Yale IP, or resulting from the production, manufacture, sale, use, lease or other disposition or consumption or advertisement of the Company Products by Company, its Affiliates or (sub)licensees or any other transferees, or in connection with any statement, representation or warranty of Company, its affiliates or (sub)licensees or any other transferees with respect to the Company Products, but expressly excluding all Claims to the extent based upon, arising out of or otherwise relating to (a) Yale's retained rights pursuant to Section 3.3 of the Yale Agreement to use the Licensed Yale IP, or (b) Yale's gross negligence or willful misconduct. Company will not settle or compromise any Claim without the prior written consent of Yale, such consent not to be unreasonably withheld, conditioned or delayed, if such settlement or compromise does not include a complete release of Yale from all Claims. Without limiting the foregoing, Yale may withhold its consent to any settlement or compromise that would in any manner constitute or incorporate an admission of liability by Yale or require Yale to take or refrain from taking any action.

6. Patent Prosecution Expenses Conditional Obligation. In the event that the Yale Agreement is terminated and, as provided under the terms of the Yale Agreement, Company's sublicense under the Licensed Yale IP survives and continues in full force and effect (but subject to Company's right to notify Yale of its election not to retain such sublicense), then Company will be responsible to Yale for the costs of filing, prosecution and maintenance of (i) the United States patent applications and patents contained in the Licensed Yale IP, and (ii) the foreign patent applications and patents contained in the Licensed Yale IP in the countries outside of the United States selected by Yale and agreed to in writing by Arvinas (as such list of countries exists on the date of termination of the Yale Agreement), in each case of (i) and (ii), shared proportionately with Yale's other licensees and sublicensees of such Licensed Yale IP (if any) also reimbursing Yale for such costs.

7. Insurance.

(a) From and after such time as Company's first Company Product commences field trials, Company will have purchased, and will have caused any of its Sublicensees to have purchased, and Company will maintain in effect, and will cause any of its Sublicensees to maintain in effect, a policy of commercial, general liability insurance in coverage amounts customary for its industry to protect Yale with respect to the Claims described in Section 5 of this Schedule 2.1.4. Such insurance will:

(i) list "Yale, its trustees, directors, officers, employees and agents" as additional insureds under the policy;

(ii) provide that such policy is primary and not excess or contributory with regard to other insurance Yale may have;

(iii) be endorsed to include product liability coverage in amounts no less than $[**] Dollars per incident and $[**] Dollars annual aggregate for Company's indemnification obligation to Yale described in Section 5 of this Schedule 2.1.4; and

(iv) not be construed to create a limit of Company's liability with respect to its indemnification obligation to Yale described in Section 5 of this Schedule 2.1.4.

(b) Upon Yale's request, Company will furnish a Certificate of Insurance and a copy of the current insurance policy to Yale. Company will secure agreement from its insurer to give [**] written notice to Yale prior to any cancellation of or material change to the policy.

8. Yale Disclaimer of Representations & Warranties for the Licensed Yale IP. In addition to the Parties' disclaimer set forth in Section 4.4 of this Contribution Agreement, Company acknowledges and agrees that with respect to the Licensed Yale IP:

(a) YALE MAKES NO, AND EXPRESSLY DISCLAIMS ALL, REPRESENTATIONS OR WARRANTIES THAT ANY CLAIMS OF PATENTS WITHIN THE LICENSED YALE IP, ISSUED OR PENDING, ARE VALID, OR THAT THE MANUFACTURE, USE, PRACTICE, SALE OR OTHER DISPOSAL OF COMPANY PRODUCTS THAT ARE ALSO LICENSED PRODUCTS (AS DEFINED IN THE YALE AGREEMENT) DOES NOT OR WILL NOT INFRINGE UPON ANY PATENT OR OTHER RIGHTS NOT VESTED IN YALE.

(b) YALE MAKES NO, AND EXPRESSLY DISCLAIMS ALL, REPRESENTATIONS AND WARRANTIES WHATSOEVER WITH RESPECT TO PATENTS WITHIN THE LICENSED YALE IP AND COMPANY PRODUCTS THAT ARE ALSO LICENSED PRODUCTS (AS DEFINED IN THE YALE AGREEMENT), EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

(c) COMPANY WILL MAKE NO STATEMENTS, REPRESENTATION OR WARRANTIES WHATSOEVER TO ANY THIRD PARTIES THAT ARE INCONSISTENT WITH THE DISCLAIMERS BY YALE IN CLAUSES (a) AND (b) IMMEDIATELY ABOVE.

(d) IN NO EVENT WILL YALE OR ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGE OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER YALE WILL BE ADVISED, WILL HAVE OTHER REASON TO KNOW, OR IN FACT WILL KNOW OF THE POSSIBILITY OF THE FOREGOING.

(e) IN NO EVENT WILL YALE, OR ITS TRSUTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES, BE LIABLE FOR MONEY DAMAGES IN EXCESS OF YALE HAS RECEIVED FROM ARVINAS IN CONNECTION WITH COMPANY'S RIGHTS UNDER THE LICENSED YALE IP.

9. Compliance with Laws; Export Controls. Company will comply, and will cause its Affiliates and (sub)licensees to comply, with all foreign and United States federal, state and local laws, regulations, rules and orders applicable to the testing, production, transportation, packaging, labeling, export, practice, sale and use of Company Products that are also LICENSED PRODUCTS. In particular, Company will be responsible for assuring compliance with all United States export laws and regulations applicable to Company's use and practice of the Licensed Yale IP.

10. Non-Use of Yale Name. Company acknowledges and agrees that it will not use the name "Yale" or "Yale University", or any variation or adaptation thereof, or any trademark, tradename or other designation owned by Yale, or the names of any of its trustees, officers, faculty, students, employees or agents, for any purpose without the prior written consent of Yale, in each instance, such consent to be granted or withheld by Yale in its sole discretion, except that Company may state that it has a sublicense under the Licensed Yale IP.

11. Governing Law for Disputes Regarding Licensed Yale IP. Notwithstanding Article 7 of this Contribution Agreement, Company acknowledges and agrees that any matter arising out of or related to Company's use and practice of the Licensed Yale IP will be governed by and in accordance with the substantive laws of the State of Connecticut, without regard to its conflicts of law principles, except where the federal laws of the United States are applicable and have precedence. Any dispute arising out of or related to Company's use and practice of the Licensed Yale IP will be brought exclusively in a court of competent jurisdiction in the State of Connecticut, and Company hereby irrevocably submits to the jurisdiction of such courts.

Exhibit 10.5

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

By and Between

BAYER AG

AND

ARVINAS, INC.

Dated as of June 3, 2019

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "**Agreement**"), dated as of June 3, 2019 (the "**Signing Date**"), by and between Bayer AG (the "**Investor**") and Arvinas, Inc. (the "**Company**"), a Delaware corporation, with its principal place of business at 5 Science Park, 395 Winchester Ave., New Haven, CT 06511.

WHEREAS, pursuant to the terms and subject to the conditions set forth in this Agreement, the Company desires to issue and sell to the Investor, and the Investor desires to subscribe for and purchase from the Company, certain shares of common stock, par value $0.001 per share, of the Company (the "**Common Stock**");

WHEREAS, concurrently with the execution of this Agreement, the Investor and the Company (either directly or through controlled Affiliates) are entering into (i) that certain Commitment Agreement of even date herewith (the "**Commitment Agreement**"), which contemplates certain financial and in-kind contributions to be made by the parties in connection with the formation of a joint venture in the bio-agriculture field (such joint venture as further described therein and in the various agreements and other instruments appended thereto, the "**Joint Venture**"), and (ii) that certain Collaboration and License Agreement of even date herewith (the "**Collaboration Agreement**"), which contemplates a research collaboration between Bayer AG and Arvinas Operations, Inc., a wholly owned subsidiary of the Company. Each of the transactions contemplated by the Commitment Agreement and the Collaboration Agreement will be consummated in accordance with their respective terms simultaneously at the Joint Venture Closing (as defined below).

NOW, THEREFORE, in consideration of the following mutual promises and obligations, and for good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the Investor and the Company agree as follows:

1. Definitions.

1.1 Defined Terms. When used in this Agreement, the following terms shall have the respective meanings specified therefor below:

"**2018 Plan**" shall have the meaning set forth in Section 4.2.

"**Affiliate**" shall mean, with respect to any Person, another Person that controls, is controlled by or is under common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. Without limiting the generality of the foregoing, a Person shall be deemed to control another Person if either of the following conditions is met: (i) in the case of corporate entities, direct or indirect ownership of more than fifty percent (50%) of the stock or shares having the right to vote for the election of directors, or (ii) in the case of non-corporate entities, direct or indirect ownership of more than fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities. For the purposes of this Agreement, in no event shall the Investor or any of its Affiliates be deemed Affiliates of the Company or any of its Affiliates, nor shall the Company or any of its Affiliates be deemed Affiliates of the Investor or any of its Affiliates.

"**Aggregate Purchase Price**" shall mean $32,499,995.82.

"**Agreement**" shall have the meaning set forth in the Preamble, including all Exhibits attached hereto.

"**Applicable Percentage**" shall mean 115%.

"**Average Pre-Signing Sale Price**" shall mean $20.9883, equal to the average of the Last Reported Sale Prices of the Common Stock for each of the Trading Days during the period beginning 60 calendar days prior to the Signing Date and ending on, and including, the Trading Day immediately preceding the Signing Date.

"**Business Day**" shall mean a day on which banking institutions in New, York, New York, United States and Leverkusen, Germany are open for business, excluding any Saturday or Sunday.

"**Closing**" shall have the meaning set forth in Section 3.1.

"**Closing Conditions**" shall have the meaning set forth in Section 3.1.

"**Closing Date**" shall have the meaning set forth in Section 3.1.

"**Collaboration Agreement**" shall have the meaning set forth in the Recitals.

"**Common Stock**" shall have the meaning set forth in the Recitals.

"**Company SEC Documents**" shall have the meaning set forth in Section 4.11(a).

"**DOJ**" shall mean the U.S. Department of Justice.

"**Effect**" shall have the meaning set forth in the definition of "Material Adverse Effect."

"**Enforceability Exceptions**" shall have the meaning set forth in Section 4.4(b).

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**FTC**" shall mean the U.S. Federal Trade Commission.

"**GAAP**" shall mean generally accepted accounting principles in the United States.

"**Governmental Authority**" shall mean any court, agency, authority, department, regulatory body or other instrumentality of any government or country or of any national, federal, state, provincial, regional, county, city or other political subdivision of any such government or country or any supranational organization of which any such country is a member.

"**HSR Act**" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (15 U.S.C. Sec. 18a), and the rules and regulations promulgated thereunder.

"**Investor Agreement**" shall mean that certain Investor Agreement between the Investor and the Company, to be dated as of the Closing Date, as the same may be amended from time to time.

"**Joint Venture**" shall have the meaning set forth in the Recitals.

"**Joint Venture Closing**" shall mean the "Closing" as such term is defined in the Commitment Agreement.

"**LAS**" shall have the meaning set forth in Section 4.7.

"**Last Reported Sale Price**" of the Common Stock on any date shall mean the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the Nasdaq Stock Market.

"**Law**" or "**Laws**" shall mean all laws, statutes, rules, regulations, orders, judgments, injunctions and/or ordinances of any Governmental Authority.

"**Material Adverse Effect**" shall mean any change, event or occurrence (each, an "**Effect**") that, individually or when taken together with all other Effects that have occurred prior to the date of determination of the occurrence of the Material Adverse Event, has had a material adverse effect on the business, properties, management, financial position, stockholders' equity or results of operations of the Company and its Subsidiaries taken as a whole or on the performance by the Company of its obligations under the Transaction Agreements, except to the extent that any such Effect results from or arises out of (i) changes in general business or economic conditions affecting the Company's industry, (ii) changes in general legal, regulatory, political, economic or business conditions or changes in generally accepted accounting principles in the United States or interpretations thereof, (iii) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism, (iv) earthquakes, hurricanes, floods or other natural disasters, (v) the announcement of the Transaction Agreements, the Joint Venture, the Collaboration Agreement or the Transaction, (vi) any change in the Company's stock price or trading volume or any failure to meet internal projections or forecasts or published revenue or earnings projections of industry analysts (provided that the underlying events giving rise to any such change shall not be excluded) or (vii) any breach, violation or non-performance by the Investor or any of its Affiliates under the Joint Venture or the Collaboration Agreement; provided, however, that the Effects excluded in clauses (i), (ii), (iii) and (iv) shall only be excluded to the extent such Effects are not disproportionately adverse on the Company and its Subsidiaries as compared to other companies operating in the Company's industry.

"**Person"** shall mean any individual, partnership, joint venture, limited liability company, firm, corporation, trust, unincorporated organization, government or any department or agency thereof or other entity, as well as any syndicate or group that would be deemed to be a Person under Section 13(d)(3) of the Exchange Act.

"**Rule 144**" shall have the meaning set forth in Section 5.10.

"**SEC**" shall mean the U.S. Securities and Exchange Commission.

"**Securities Act**" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Shares**" shall have the meaning set forth in Section 2.1.

"**Signing Date**" shall have the meaning set forth in the Preamble.

"**Subsidiaries**" shall mean with respect to a specified Person, any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred), are held by the specified Person or one or more of its Subsidiaries.

"**Termination Date**" shall mean the date that is the one-year anniversary of the Signing Date.

"**Third Party"** shall mean any Person other than the Investor, the Company or any Affiliate of the Investor or the Company.

"**Trading Day**" shall mean a day on which (i) trading in the Common Stock generally occurs on the Nasdaq Stock Market, and (ii) a Last Reported Sale Price for the Common Stock is available on the Nasdaq Stock Market.

"**Transaction"** shall mean the issuance and sale of the Shares by the Company, and the purchase of the Shares by the Investor, and the other transactions contemplated by this Agreement, in accordance with the terms hereof.

"**Transaction Agreements"** shall mean this Agreement and the Investor Agreement.

"**Transfer Agent**" shall mean the Company's transfer agent.

2. Purchase and Sale of Common Stock.

2.1 Closing. Subject to the terms and conditions of this Agreement, at the Closing, the Company shall issue and sell to the Investor, and the Investor shall purchase from the Company, a number of shares of Common Stock (the "**Shares**") and at a price as calculated pursuant to Section 2.2.

2.2 Number of Shares. The number of Shares shall be calculated by dividing (x) the Aggregate Purchase Price by (y) the per share purchase price equal to the Average Pre-Signing Sale Price multiplied by the Applicable Percentage, which quotient shall be rounded down to the nearest whole share.

3. Closing Date; Deliveries.

3.1 Closing Date. The closing of the Transaction (the "**Closing**") shall take place remotely via the exchange of documents and signatures at 9:00 a.m. New York City time on the second (2nd) Business Day following the satisfaction or waiver of all of the conditions set forth in Sections 6, 7 and 8 (the "**Closing Conditions**") (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction at such time of such conditions), or at such other time, date, and location as the parties may agree. It is the intent of the parties that the Closing will occur simultaneously with the Joint Venture Closing. The date the Closing occurs is hereinafter referred to as the "**Closing Date**."

3.2 Deliveries.

(a) Deliveries by the Company. At the Closing, the Company shall deliver, or cause to be delivered, to the Investor the Shares, registered in the name of the Investor, and the Company shall instruct its transfer agent to register such issuance at the time of such issuance. The Company shall also deliver at the Closing: (i) a certificate in form and substance reasonably satisfactory to the Investor and duly executed on behalf of the Company by an authorized executive officer of the Company, certifying that the conditions to Closing set forth in Sections 6 and 8.1 of this Agreement have been fulfilled; (ii) a duly executed Investor Agreement; and (iii) a certificate of the secretary of the Company dated as of the Closing Date certifying (A) that attached thereto is a true and complete copy of the Amended and Restated Bylaws of the Company as in effect at the time of the actions by the Board of Directors of the Company referred to in clause (B) below, and on the Closing Date; (B) that attached thereto is a true and complete copy of all resolutions adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of the Transaction Agreements and the Transaction and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the Transaction as of the Closing Date and (C) that attached thereto is a true and complete copy of the Company's Restated Certificate of Incorporation as in effect at the time of the actions by the Board of Directors of the Company referred to in clause (B) above, and on the Closing Date.

(b) Deliveries by the Investor. At the Closing, the Investor shall deliver, or cause to be delivered, to the Company the Aggregate Purchase Price by wire transfer of immediately available United States funds to an account designated by the Company. The Company shall notify the Investor in writing of the wiring instructions for such account not less than ten (10) Business Days before the Closing Date. The Investor shall also deliver, or cause to be delivered, at the Closing: (i) a certificate in form and substance reasonably satisfactory to the Company duly executed by an authorized executive officer of the Investor certifying that the conditions to Closing set forth in Section 7 of this Agreement have been fulfilled; and (ii) a duly executed Investor Agreement.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor that:

4.1 Organization, Good Standing and Qualification.

(a) The Company has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, is duly qualified to do business and is in good standing in each jurisdiction in which its ownership or lease of property or the conduct of its businesses requires such qualification, and has all power and authority necessary to own or hold its properties and to conduct the businesses in which it is engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a Material Adverse Effect.

(b) The Company has all requisite corporate power and corporate authority to enter into the Transaction Agreements, to issue and sell the Shares and to perform its obligations under and to carry out the Transaction.

4.2 Capitalization and Voting Rights.

(a) As of the Signing Date, the authorized capital of the Company consists of (i) 200,000,000 shares of Common Stock and (ii) 5,000,000 shares of preferred stock, par value $0.001 per share. As of the Signing Date, of the Common Stock, 32,338,383 shares are issued and outstanding, 3,583,996 shares are issuable upon the exercise of outstanding stock options or upon the settlement of other outstanding equity awards pursuant to the Company's 2018 Stock Incentive Plan (the "**2018 Plan**"), 1,791,126 shares are reserved for future issuance pursuant to the 2018 Plan and 635,227 shares are reserved for future issuance pursuant to the Company's 2018 Employee Stock Purchase Plan. All of the issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and non-assessable and are not subject to any pre-emptive rights. No shares of preferred stock are issued and outstanding.

(b) Except as described or referred to in Section 4.2(a) above and as provided in the Investor Agreement, as of the Signing Date, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any capital stock of the Company, any such convertible or exchangeable securities or any such rights, warrants or options.

(c) Except as provided in the Investor Agreement or disclosed in the Company SEC Documents, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company.

(d) The Common Stock is registered pursuant to Section 12(b) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the SEC is contemplating terminating such registration.

4.3 Subsidiaries. As of the Signing Date, the Company does not own or control, directly or indirectly, any Subsidiary other than the Subsidiaries listed in Schedule 1 hereto. All the outstanding shares of capital stock or other equity interests of each Subsidiary owned, directly or indirectly, by the Company have been duly authorized and validly issued, are fully paid and non-assessable (except, in the case of any foreign Subsidiary, for directors' qualifying shares) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party.

4.4 Authorization.

(a) The Company has full right, power and authority to execute and deliver the Transaction Agreements and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of each of the Transaction Agreements and the consummation by it of the Transaction has been duly and validly taken.

(b) This Agreement has been, and upon the execution and delivery of the Investor Agreement by the Company at the Closing, the Investor Agreement will be, duly executed and delivered by the Company, and upon the due execution and delivery of this Agreement by the Investor, this Agreement will constitute, and upon the due execution and delivery of the Investor Agreement by the Investor, the Investor Agreement will constitute, valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except, with respect to the Investor Agreement, as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability (collectively, the "**Enforceability Exceptions**").

(c) No stop order or suspension of trading of the Common Stock has been imposed by the Nasdaq Stock Market, the SEC or any other Governmental Authority and remains in effect.

4.5 No Defaults. The Company is not (i) in violation of its charter or by-laws or similar organizational documents, each as amended to-date; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any note, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or

arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its Subsidiaries, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, have a Material Adverse Effect.

4.6 No Conflicts. The execution, delivery and performance of the Transaction Agreements, the issuance and sale of the Shares and the consummation of the Transaction will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company, each as amended to-date, or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its Subsidiaries, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect.

4.7 No Governmental Authority or Third Party Consents. No consent, approval, authorization, order, license, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of each of the Transaction Agreements or the issuance and sale of the Shares, except (i) such filings as may be required to be made with the SEC and with any state blue sky or securities regulatory authority, which filings shall be made in a timely manner in accordance with all applicable Laws, (ii) as may be required pursuant to the HSR Act and (iii) with respect to the Shares, the filing with the Nasdaq Stock Market of, and the absence of unresolved issues with respect to, a Notification Form: Listing of Additional Shares (the "**LAS**").

4.8 Valid Issuance of Shares. When issued, sold and delivered at the Closing in accordance with the terms hereof for the Aggregate Purchase Price, the Shares shall be duly authorized, validly issued, fully paid and nonassessable, free from any liens, encumbrances or restrictions on transfer, including preemptive rights, rights of first refusal or other similar rights, other than as arising pursuant to the Investor Agreement or under federal or state securities Laws.

4.9 Litigation. Except as set forth in the Company SEC Documents filed prior to the Signing Date, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company is a party or to which any property of the Company is subject that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect; and no such investigations, actions, suits or proceedings are, to the knowledge of the Company, threatened or contemplated by any governmental or regulatory authority or by others.

4.10 Licenses and Other Rights; Compliance with Laws. The Company and its Subsidiaries possess or are in the process of obtaining all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Company SEC Documents, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect. Except as described in the Company SEC Documents, neither the Company nor any of its Subsidiaries has received notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed. Except as described in the Company SEC Documents, the Company and its Subsidiaries are, and at all times since January 1, 2018 have been, in compliance with all statutes, rules and regulations applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, storage, import, export or disposal of any product manufactured or distributed by the Company or its Subsidiaries, except where such noncompliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.11 Company SEC Documents; Financial Statements; Nasdaq Stock Market.

(a) Since September 26, 2018, the Company has timely filed all required reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated therein) required to be filed by it under the Securities Act and the Exchange Act, and any required amendments to any of the foregoing, with the SEC (the "**Company SEC Documents**"). As of their respective filing dates, each of the Company SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Documents, and no Company SEC Documents when filed, declared effective or mailed, as applicable, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) As of the Signing Date, there are no outstanding or unresolved comments in comment letters received from the SEC or its staff.

(c) The financial statements of the Company included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and in its quarterly report on Form 10-Q for the quarterly period ended March 31, 2019 present fairly the financial position of the Company and its consolidated Subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with GAAP applied on a consistent basis throughout the periods covered thereby, except as otherwise disclosed therein and, in the case of unaudited, interim financial statements, subject to normal year-end audit adjustments and the exclusion of certain footnotes, and any supporting schedules included in the Company SEC Documents present fairly the information required to be stated therein.

(d) The Common Stock is listed on the Nasdaq Stock Market, and the Company has taken no action designed to, or which is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Nasdaq Stock Market. The Company has not received any notification that, and has no knowledge that, the SEC or the Nasdaq Stock Market is contemplating terminating such listing or registration.

(e) The Company and its Subsidiaries have established systems of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences, and (v) interactive data in eXtensible Business Reporting Language included in the Company SEC Documents fairly presents the information called for in all material respects and is prepared in accordance with the SEC's rules and guidelines applicable thereto. Except as disclosed in the Company SEC Documents, there are no material weaknesses in the Company's internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(f) There is and has been no material failure on the part of the Company or, to the knowledge of the Company, any of the Company's directors or officers, in their capacities as such, to comply with any applicable provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, including Section 402 related to loans and Sections 302 and 906 related to certifications.

4.12 Absence of Certain Changes.

(a) Except as disclosed in the Company SEC Documents, since December 31, 2018: (i) there has not been any material change in the capital stock (other than (x) the issuance of shares of Common Stock upon exercise of stock options and the settlement of other equity awards described as outstanding in, and the grant of options and awards under existing equity incentive plans described in, the Company SEC

Documents and (y) the issuance of shares of Common Stock, options and equity awards granted to new employees of the Company as inducement awards pursuant to Nasdaq Listing Rule 5635(c)(4)), short-term debt or long-term debt of the Company or any of its Subsidiaries (other than intercompany indebtedness among its Subsidiaries incurred in the ordinary course of business), or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development that would reasonably be expected to result in a material adverse change, in or affecting the business, properties, management, financial position, stockholders' equity, results of operations of the Company and its Subsidiaries taken as a whole; (ii) neither the Company nor any of its Subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its Subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its Subsidiaries taken as a whole; and (iii) neither the Company nor any of its Subsidiaries has sustained any loss or interference with its business that is material to the Company and its Subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority.

4.13 Offering. Subject to the accuracy of the Investor's representations set forth in Sections 5.5, 5.6, 5.7, 5.9, 5.10 and 5.11 hereof, the offer, sale and issuance of the Shares to be issued pursuant to this Agreement constitute transactions which are exempt from the registration requirements of the Securities Act and from all applicable state registration or qualification requirements. Neither the Company nor any Person acting on its behalf will take any action that would cause the loss of such exemption.

4.14 No Integration. The Company has not, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act), that is or will be integrated with the sale of the Shares in a manner that would require registration of the Shares under the Securities Act.

4.15 Brokers' or Finders' Fees. Neither the Company nor any of its Subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against the Company or any of its Subsidiaries for a brokerage commission, finder's fee or like payment in connection with the Transaction, the Joint Venture or the Collaboration Agreement.

4.16 Investment Company. The Company is not and, immediately after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be required to register as an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the SEC thereunder.

4.17 No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Shares by any form of general solicitation or general advertising. The Company has offered the Shares for sale only to the Investor.

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

4.19 Regulation M Compliance. The Company has not taken, directly or indirectly, any action designed to or that would reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Shares.

4.20 Office of Foreign Assets Control. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or Affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department.

5. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company that:

5.1 Organization; Good Standing. The Investor is a corporation duly organized, validly existing and in good standing under the laws of Germany. The Investor has all requisite power and authority to enter into the Transaction Agreements and to perform its obligations under and to carry out the Transaction.

5.2 Authorization.

(a) The Investor has full right, power and authority to execute and deliver the Transaction Agreements and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of each of the Transaction Agreements and the consummation by it of the Transaction has been duly and validly taken.

(b) This Agreement has been, and upon the execution and delivery of the Investor Agreement by the Investor at the Closing, the Investor Agreement will be, duly executed and delivered by the Investor, and upon the due execution and delivery of this Agreement by the Company, this Agreement will constitute, and upon the due execution and delivery of the Investor Agreement by the Company, the Investor Agreement will constitute, valid and legally binding obligations of the Investor, enforceable against the Investor in accordance with their respective terms, subject to the Enforceability Exceptions.

5.3 No Conflicts. The execution, delivery and performance of the Transaction Agreements, the subscription for and purchase of the Shares and the consummation of the Transaction will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Investor pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Investor is a party or by which the Investor is bound or to which any of the property or assets of the Investor is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Investor or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Investor or any of its Subsidiaries, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, have a material adverse effect on the Investor's ability to perform its obligations or consummate the Transaction in accordance with the terms of this Agreement.

5.4 No Governmental Authority or Third Party Consents. No consent, approval, authorization, order, license, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Investor of each of the Transaction Agreements or the subscription for and purchase of the Shares, except as may be required pursuant to the HSR Act.

5.5 Purchase Entirely for Own Account. The Investor acknowledges that the Shares shall be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Investor has no present intention of selling, granting any participation or otherwise distributing the Shares. The Investor can bear the economic risk of an investment in the Shares indefinitely and a total loss with respect to such investment. The Investor does not have any contract, undertaking, agreement, arrangement or understanding with any Person to sell, transfer or grant participation to a Person any of the Shares.

5.6 Disclosure of Information. The Investor has received or has had full access to all the information from the Company and its management that the Investor considers necessary or appropriate for deciding whether to consummate the Transaction. The Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the Company, its financial condition, results of operations and prospects and the terms and conditions of the offering of the Shares sufficient to enable it to evaluate its investment. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 4 of this Agreement or the right of the Investor to rely thereon.

5.7 Investment Experience and Accredited Investor Status. The Investor is an "accredited investor" (as defined in Regulation D under the Securities Act). The Investor has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Shares to be purchased hereunder.

5.8 Acquiring Person. As of the Signing Date, neither the Investor nor any of its Affiliates beneficially owns, and immediately prior to the Closing, neither the Investor nor any of its Affiliates will beneficially own (as determined pursuant to Rule 13d-3 under the Exchange Act without regard for the number of days in which a Person has the right to acquire such beneficial ownership, and without regard to Investor's rights under this Agreement), any securities of the Company, except for securities that may be beneficially owned by either (i) employee benefit plans of the Investor or any of its Affiliates or (ii) any executive officer or director of the Investor who has received such securities in connection with service on the Company's Board of Directors.

5.9 No "Bad Actor" Disqualification. The Investor has not taken any of the actions set forth in, and is not subject to, the disqualification provisions of Rule 506(d)(1) of the Securities Act. The Investor's responses in the questionnaire delivered to the Company by the Investor related to qualification under Rule 506(d)(1) are true and correct as of the Signing Date and will remain true and correct as of the Closing Date.

5.10 Restricted Securities. The Investor understands that the Shares, when issued, shall be "restricted securities" under the federal securities Laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such Laws the Shares may be resold without registration under the Securities Act only in certain limited circumstances. The Investor represents that it is familiar with Rule 144 of the Securities Act ("**Rule 144**"), as presently in effect.

5.11 Legends. The Investor understands that any certificates representing the Shares shall bear the following legends:

(a) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE REASONABLY SATISFACTORY TO THE COMPANY) THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF THE SECURITIES ACT.";

(b) any legend required by applicable state securities Laws or the other Transaction Agreements; and

(c) "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AND SHALL BE TRANSFERABLE ONLY UPON THE TERMS AND CONDITIONS OF AN INVESTOR AGREEMENT DATED AS OF THE CLOSING BY AND BETWEEN ARVINAS, INC. AND BAYER AG, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF ARVINAS, INC."

5.12 Financial Assurances. As of the Signing Date, the Investor has access to cash in an amount sufficient to pay to the Company the Aggregate Purchase Price.

6. Investor's Conditions to Closing. The Investor's obligation to consummate the Transaction is subject to the fulfillment as of the Closing of the following conditions (unless waived in writing by the Investor):

6.1 Representations and Warranties. The representations and warranties made by the Company in Section 4 hereof shall be true and correct as of the Signing Date and as of the Closing Date as though made on and as of such Closing Date, except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date; provided, however, that for purposes of this Section 6.1, all such representations and warranties of the Company (other than Sections 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8, 4.11 and 4.18 of this Agreement) shall be deemed to be true and correct for purposes of this Section 6.1 unless the failure or failures of such representations and warranties to be so true and correct, without regard to any "material," "materiality" or "Material Adverse Effect" qualifiers set forth therein, constitute a Material Adverse Effect.

6.2 Covenants. All covenants and agreements contained in this Agreement to be performed or complied with by the Company on or prior to the Closing Date shall have been performed or complied with in all material respects.

6.3 Investor Agreement. The Company shall have duly executed and delivered to the Investor, pursuant to Section 3.2(a) of this Agreement, the Investor Agreement, and (subject to execution by the Investor) such agreement shall be in full force and effect.

6.4 Joint Venture and Collaboration Agreements. The Company shall have duly executed and delivered to the Investor the Collaboration Agreement and each of the agreements related to the Joint Venture to which it is a party, and each such material agreement shall not have been terminated in accordance with its terms and shall be in full force and effect as of the Closing Date.

6.5 No Material Adverse Effect. From and after the Signing Date until the Closing Date, there shall have occurred no event that has caused a Material Adverse Effect.

6.6 Listing. The Shares shall be eligible and approved for listing on the Nasdaq Stock Market.

7. Company's Conditions to Closing. The Company's obligation to issue and sell the Shares at the Closing is subject to the fulfillment as of the Closing of the following conditions (unless waived in writing by the Company):

7.1 Representations and Warranties. The representations and warranties made by the Investor in Section 5 hereof shall be true and correct as of the Signing Date and as of the Closing Date as though made on and as of such Closing Date, except to the extent such representations and warranties are specifically made as of a particular date, in which case such representations and warranties shall be true and correct as of such date.

7.2 Covenants. All covenants and agreements contained in this Agreement to be performed or complied with by the Investor on or prior to the Closing Date shall have been performed or complied with in all material respects.

7.3 Investor Agreement. The Investor shall have duly executed and delivered to the Company, pursuant to Section 3.2(b) of this Agreement, the Investor Agreement, and (subject to execution by the Company) such agreement shall be in full force and effect.

7.4 Joint Venture and Collaboration Agreements. The Investor shall have duly executed and delivered to the Company the Collaboration Agreement and each of the agreements related to the Joint Venture to which it is a party, and each such material agreement shall not have been terminated in accordance with its terms and shall be in full force and effect.

8. Mutual Conditions to Closing. The obligations of the Investor and the Company to consummate the Closing are subject to the fulfillment as of the Closing Date of the following conditions:

8.1 Absence of Litigation. There shall be no action, suit, proceeding or investigation by a Governmental Authority pending or currently threatened in writing against the Company or the Investor that questions the validity of any Transaction Agreement or the right of the Company or the Investor to enter into any Transaction Agreement or to consummate the Transaction, or which, if determined adversely, would impose substantial monetary damages on the Company or the Investor as a result of the consummation of the Transaction.

8.2 No Prohibition. No provision of any applicable Law and no judgment, injunction (preliminary or permanent), order or decree that prohibits, makes illegal or enjoins the consummation of the Transaction shall be in effect.

8.3 Commitment Agreement Closing. The Joint Venture Closing shall have occurred on or prior to the Closing Date.

9. Termination.

9.1 Ability to Terminate. This Agreement may be terminated at any time prior to the Closing by:

(a) mutual written consent of the Company and the Investor;

(b) either the Company or the Investor, upon written notice to the other, if any of the mutual conditions to the Closing set forth in Section 8 hereof shall have become incapable of fulfillment by the Termination Date and shall not have been waived in writing by the other party within ten (10) business days after receiving receipt of written notice of an intention to terminate pursuant to this clause (b); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure to consummate the Transaction prior to the Termination Date;

(c) the Company, upon written notice to the Investor, so long as the Company is not then in breach of its representations, warranties, covenants or agreements under this Agreement such that any of the conditions set forth in Section 6.1, 6.2, 6.3, 6.4 or 6.5 hereof, as applicable, could not be satisfied by the Termination Date, (i) upon a material breach of any covenant or agreement on the part of the Investor set forth in this Agreement, or (ii) if any representation or warranty of the Investor shall have been or become untrue, in each case such that any of the conditions set forth in Section 7.1, 7.2, 7.3 or 7.4 hereof, as applicable, could not be satisfied by the Termination Date;

(d) the Investor, upon written notice to the Company, so long as the Investor is not then in breach of its representations, warranties, covenants or agreements under this Agreement such that any of the conditions set forth in Section 7.1, 7.2, 7.3 or 7.4 hereof, as applicable, could not be satisfied by the Termination Date, (i) upon a material breach of any covenant or agreement on the part of the Company set forth in this Agreement, or (ii) if any representation or warranty of the Company shall have been or become untrue, in each case such that any of the conditions set forth in Section 6.1, 6.2, 6.3, 6.4 or 6.5 hereof, as applicable, could not be satisfied by the Termination Date; or

(e) either the Company or the Investor, following the termination of the Commitment Agreement in accordance with its terms.

9.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 9.1 hereof or the Commitment Agreement pursuant to its terms, (i) this Agreement (except for this Section 9.2 and Section 11 hereof (other than Section 11.12), and any definitions set forth in this Agreement and used in such sections) shall forthwith become void and have no effect, without any liability on the part of any party hereto or its Affiliates, and (ii) all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the agency or other Person to which they were made or appropriately amended to reflect the termination of the Transaction; provided, however, that nothing contained in this Section 9.2 shall relieve any party from liability for fraud or any intentional or willful breach of this Agreement.

10. Additional Covenants and Agreements.

10.1 Market Listing. From the Signing Date through the Closing Date, Company shall use all commercially reasonable efforts to (i) maintain the listing and trading of the Common Stock on the Nasdaq Stock Market and (ii) effect the listing of the Shares on the Nasdaq Stock Market, including submitting the LAS to the Nasdaq Stock Market promptly following the date hereof.

10.2 Assistance and Cooperation. Prior to the Closing, upon the terms and subject to the conditions set forth in this Agreement and the Commitment Agreement, each of the parties agrees to use all reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transaction, including (i) using all reasonable efforts to accomplish the following: (A) taking all reasonable acts necessary to cause the conditions precedent set forth in Sections 6, 7 and 8 to be satisfied (including, in the case of the Company, promptly notifying the Investor of any notice from the Nasdaq Stock Market with respect to the LAS); (B) taking all reasonable actions necessary to obtain all necessary consents, approvals or waivers from Third Parties; and (C), defending any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transaction, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed; and (ii) using all reasonable best efforts and taking all reasonable actions necessary to obtain all necessary actions or non-actions, waivers, consents, approvals, orders and authorizations from Governmental Authorities and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Authorities, if any).

10.3 Form D; Blue Sky Filings. The Company agrees to use commercially reasonable efforts to timely file a Form D with respect to the Shares as required under Regulation D and to provide a copy thereof, promptly upon request of the Investor. The Company shall take such additional action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Shares for, sale to the Investor at the Closing under applicable securities or “Blue Sky” laws of the states of the United States, and shall provide evidence of such actions promptly upon request of the Investor.

10.4 Legend Removal.

(a) Certificates evidencing the Shares shall not contain the legend set forth in Section 5.11(a): (i) following a sale of such Shares pursuant to a registration statement covering the resale of such Shares, while such registration statement is effective under the Securities Act, (ii) following any sale of such Shares pursuant to Rule 144 or (iii) if such Shares are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Shares and without volume or manner-of-sale restrictions under Rule 144.

(b) Certificates evidencing the Shares shall not contain the legend set forth in Section 5.11(c) following: (i) a sale of such Shares pursuant to a registration statement covering the resale of such Shares, while such registration statement is effective under the Securities Act, (ii) any sale of such Shares pursuant to Rule 144 or (iii) the expiration of the Standstill Term (as defined in the Investor Agreement), the Lock-Up Term (as defined in the Investor Agreement) and the Voting Agreement Term (as defined in the Investor Agreement); provided that any transfer described in clause (i) or (ii) above shall have been in compliance with all applicable provisions of the Investor Agreement.

(c) The Company agrees that at such time as any legend set forth in Section 5.11 is no longer required under this Section 10.4, the Company will, no later than three (3) Business Days following the delivery by the Investor to the Company or notice by the Investor to the Company of delivery by the Investor to the Transfer Agent of a certificate representing Shares issued with such legend (together with any legal opinion required by the Transfer Agent), deliver or cause to be delivered to the Investor a certificate representing such Shares that is free from such legend, or, in the event that such shares are uncertificated, remove any such legend in the Company's stock records. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in Section 5.11.

10.5 Conduct of Business. During the period from the Signing Date until the Closing, except as consented to in writing by the Investor, the Company shall not (i) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, stock or property or any combination thereof) in respect of its capital stock, or establish a record date for any of the foregoing, or (ii) make any other actual, constructive or deemed distribution in respect of any shares of its capital stock or otherwise make any payments to stockholders in their capacity as such, except pursuant to repurchases of equity pursuant to the terms of its equity compensation plans.

11. Miscellaneous.

11.1 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware. Except as expressly set forth herein, the parties hereby agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, shall be brought in the United States District Court for the District of Delaware or in the Court of Chancery of the State of Delaware (or, if such court lacks subject matter jurisdiction, in the Superior Court of the State of Delaware), so long as one of such courts shall have subject-matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware. Each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection

that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Service of process, summons, notice or other document by registered mail to the address set forth in Section 11.4 shall be effective service of process for any suit, action or other proceeding brought in any such court. Each party hereby acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

11.2 Extension; Waiver. The failure of any party to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such party's right to demand strict compliance herewith in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. Any agreement on the part of a party to any extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the party against which such waiver or extension is to be enforced. Waiver of any term or condition of this Agreement by a party shall not be construed as a waiver of any subsequent breach or waiver of the same term or condition by such party, or a waiver of any other term or condition of this Agreement by such party.

11.3 No Agreement Until Executed. Irrespective of negotiations among the parties or the exchanging of drafts of this Agreement, this Agreement shall not constitute or be deemed to evidence a contract, agreement, arrangement or understanding among the parties unless and until this Agreement is executed and delivered by the parties.

11.4 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.4):

If to the Investor:	Bayer AG Kaiser-Wilhelm-Allee 20 51373 Leverkusen Germany Attention: Dr. Christian Bank, LL.M. Email: christian.bank@bayer.com
with a copy to:	Orrick, Herrington & Sutcliffe LLP 1000 Marsh Road Menlo Park, CA 94025 Attention: Matthew Gemello
If to the Company:	Arvinas, Inc. 5 Science Park 395 Winchester Ave. New Haven, Connecticut 06511 Attention: Matthew Batters, Esq.
with a copy to:	Wilmer Cutler Pickering Hale and Dorr LLP 7 World Trade Center 250 Greenwich Street New York, NY 10007 Attention: Brian A. Johnson

11.5 Miscellaneous. This Agreement, the Investor Agreement (once executed), the Transaction Documents (as defined in the Commitment Agreement), the Collaboration Agreement and any documents executed by the parties simultaneously herewith or pursuant thereto, constitute the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior arrangements and understandings, written or oral, among the parties with respect to the subject matter hereof. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

11.6 Amendments. No provision in this Agreement shall be supplemented, deleted or amended except in a writing executed by an authorized representative of each of the Investor and the Company.

11.7 Interpretation. For purposes of this Agreement: (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole; and (d) the words “will” and “shall” are to be interpreted as having the same meaning. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The word “dollar” or symbol “$” refer to the lawful currency of the United States of America. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement in accordance herewith.

11.8 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under applicable Law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

11.9 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either party without the prior written consent of the other party. Subject to the prior sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, executors, administrators, successors and assigns.

11.10 Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including any creditor of any party hereto. No Third Party shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against any party hereto.

11.11 No Strict Construction. This Agreement has been prepared jointly and shall not be construed against either party.

11.12 Survival of Warranties. The representations and warranties of the Company and the Investor contained in this Agreement shall survive the Closing and the delivery of the Shares.

11.13 Equitable Remedies. Each party acknowledges that a breach or threatened breach by such party of any of its obligations under this Agreement would give rise to irreparable harm to the other party, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, the other party shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

11.14 Remedies Cumulative. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

11.15 Fees and Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

11.16 No Publicity. The parties hereto agree that the provisions of Section 4.3 of the Commitment Agreement (mutatis mutandis) and Section 11.01(d) of that certain Amended and Restated Limited Liability Company Agreement (mutatis mutandis) to be entered into in connection with the Joint Venture (as amended, restated, supplemented and/or otherwise modified from time to time, the "**LLC Agreement**") shall be applicable to the parties to this Agreement with respect to any public disclosures regarding the Transaction, the Joint Venture, and the Collaboration Agreement or regarding the parties hereto or their Affiliates (it being understood that the provisions of Section 4.3 of the Commitment Agreement and Section 11.01(d) of the LLC Agreement shall be read to apply to disclosures of information relating to this Agreement and the Transaction).

11.17 Limitation of Liability. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY (OR THE OTHER PARTY'S AFFILIATES OR SUBLICENSEES) IN CONNECTION WITH THIS AGREEMENT FOR LOST REVENUE, LOST PROFITS, LOST SAVINGS, LOSS OF USE, DAMAGE TO

GOODWILL, OR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR INDIRECT DAMAGES UNDER ANY THEORY, INCLUDING CONTRACT, NEGLIGENCE, OR STRICT LIABILITY, EVEN IF THAT PARTY HAS BEEN PLACED ON NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

11.18 Commitment Agreement and Collaboration Agreement. Each of the Commitment Agreement and the Collaboration Agreement (and any related agreements entered into in connection with the transactions contemplated thereby) are intended to be separate arrangements among the parties thereto and are only referenced herein for purposes of the Closing. Except as expressly provided herein, in no event shall the terms set forth herein limit or otherwise apply to the Collaboration Agreement, the Commitment Agreement, or any other related agreement and/or any transaction contemplated thereby.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

BAYER AG

By: /s/ Christian Bank
Name: Dr. Christian Bank
Title: Head of Legal M&A

By: /s/ Jörg Möller
Name: Jörg Möller
Title: Head of PH Research & Development

ARVINAS, INC.

By: /s/ John Houston
Name: John Houston
Title: President & CEO

(Signature Page to Stock Purchase Agreement)

SCHEDULE 1

LIST OF SUBSIDIARIES

Arvinas Operations, Inc.
Arvinas Androgen Receptor, Inc.
Arvinas Estrogen Receptor, Inc.
Arvinas BRD4, Inc.
Arvinas Winchester, Inc.

Exhibit 10.6

INVESTOR AGREEMENT

By and Between

BAYER AG

AND

ARVINAS, INC.

Dated as of July 16, 2019

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Exhibit A – Form of Irrevocable Proxy

Exhibit B – Plan of Distribution

INVESTOR AGREEMENT

THIS INVESTOR AGREEMENT (this "**Agreement**") is made as of July 16, 2019, by and between Bayer AG (the "**Investor**") and Arvinas, Inc. (the "**Company**"), a Delaware corporation, with its principal place of business at 5 Science Park, 395 Winchester Ave., New Haven, CT 06511.

WHEREAS, the Stock Purchase Agreement, dated as of June 3, 2019, by and between the Investor and the Company (the "**Purchase Agreement**") provides for the issuance and sale by the Company to the Investor, and the purchase by the Investor, of a number of shares (such shares, the "**Purchased Shares**") of the Company's common stock, par value $0.001 per share (the "**Common Stock**");

WHEREAS, as a condition to consummating the transactions contemplated by the Purchase Agreement, the Investor and the Company have agreed upon certain rights and restrictions as set forth herein with respect to the Purchased Shares and other securities of the Company beneficially owned by the Investor and its Affiliates, and it is a condition to the closing under the Purchase Agreement that this Agreement be executed and delivered by the Investor and the Company; and

WHEREAS, simultaneously with the execution of the Purchase Agreement, the Company and the Investor entered into the Commitment Agreement and the Collaboration Agreement (as defined below).

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter set forth, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "**Affiliate**" shall mean, with respect to any Person, another Person that controls, is controlled by or is under common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. Without limiting the generality of the foregoing, for purposes of this Agreement, a Person shall be deemed to control another Person if either of the following conditions is met: (i) in the case of corporate entities, direct or indirect ownership of more than fifty percent (50%) of the stock or shares having the right to vote for the election of directors, or (ii) in the case of non-corporate entities, direct or indirect ownership of more than fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities. For the purposes of this Agreement, in no event shall the Investor or any of its Affiliates be deemed Affiliates of the Company or any of its Affiliates, nor shall the Company or any of its Affiliates be deemed Affiliates of the Investor or any of its Affiliates.

(b) "**Agreement**" shall have the meaning set forth in the Preamble to this Agreement, including all Exhibits attached hereto.

(c) "**Beneficial owner**," "**beneficially owns**," "**beneficial ownership**" and terms of similar import used in this Agreement shall, with respect to a Person, have the meaning set forth in Rule 13d-3 under the Exchange Act (i) assuming the full conversion into, and exercise and exchange for, shares of Common Stock of all Common Stock Equivalents beneficially owned by such Person and (ii) determined without regard for the number of days in which such Person has the right to acquire such beneficial ownership.

(d) "**Business Day**" shall mean a day on which banking institutions in New, York, New York, United States and Leverkusen, Germany are open for business, excluding any Saturday or Sunday.

(e) "**Change of Control**" shall mean (i) the acquisition of beneficial ownership, directly or indirectly, by any Third Party of securities or other voting interests of the Company representing a majority or more of the combined voting power of the Company's then outstanding securities or other voting interests; (ii) any merger, consolidation or business combination involving the Company with a Third Party that results in the holders of beneficial ownership (other than by virtue of obtaining irrevocable proxies) of voting securities or other voting interests of the Company immediately prior to such merger, consolidation or other business combination ceasing to hold beneficial ownership of more than fifty percent (50%) of the combined voting power of the surviving entity immediately after such merger, consolidation or business combination; (iii) any sale, lease, exchange, contribution or other transfer to a Third Party (in one transaction or a series of related transactions) of all or substantially all of the Company's assets; or (iv) individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board of Directors of the Company (provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was recommended or approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board of Directors of the Company).

(f) "**Closing Date**" shall have the meaning set forth in the Purchase Agreement.

(g) "**Collaboration Agreement**" shall have the meaning set forth in the Purchase Agreement.

(h) "**Commitment Agreement**" shall have the meaning set forth in the Purchase Agreement.

(i) "**Common Stock**" shall have the meaning set forth in the Preamble to this Agreement.

(j) "**Common Stock Equivalents**" shall mean any options, restricted stock units, warrants or other securities or rights convertible into or exercisable, exchangeable or settleable for, whether directly or following conversion into or exercise, exchange or settlement for other options, restricted stock units, warrants or other securities or rights, shares of Common Stock or any swap, hedge or similar agreement or arrangement that transfers in whole or in part, the economic risk of ownership of, or voting or other rights of, the Common Stock.

(k) "**Company**" shall have the meaning set forth in the Preamble to this Agreement.

(l) "**Competitor**" shall mean any biopharmaceutical enterprise significantly involved in developing and commercializing protein degrading technologies, or any other Person that directly or indirectly beneficially owns a majority of the voting securities or voting interests in such an enterprise, or any direct or indirect majority-owned subsidiary of such an enterprise or of such a Person.

(m) "**Disposition**" or "**Dispose of**" shall mean any (i) pledge, sale, contract to sell, sale of any option or contract to purchase, purchase of any option or contract to sell, grant of any option, right or warrant for the sale of, or other disposition of or transfer of any shares of Common Stock, or any Common Stock Equivalents, including, without limitation, any "short sale" or similar arrangement, or (ii) swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of shares of Common Stock, whether any such swap or transaction is to be settled by delivery of securities, in cash or otherwise.

(n) "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(o) "**Extraordinary Matter**" shall have the meaning set forth in Section 5.2.

(p) "**Investor**" shall have the meaning set forth in the Preamble to this Agreement.

(q) "**Irrevocable Proxy**" shall have the meaning set forth in Section 5.1.

(r) "**Joint Venture**" shall have the meaning set forth in the Purchase Agreement.

(s) "**Law**" or "**Laws**" shall mean any law, statute, rule, regulation, order, judgment or ordinance having the effect of law of any national, federal, state, provincial, regional, county, city or other political subdivision of any such government or country or any supranational organization of which any such country is a member.

(t) "**Lock-Up Agreement**" shall have the meaning set forth in Section 4.4.

(u) "**Lock-Up Term**" shall mean the period from and after the date of this Agreement until the occurrence of any event set forth in Section 6.3.

(v) "**Permitted Transferee**" shall mean (i) a controlled Affiliate of the Investor or (ii) a controlling Affiliate of the Investor (or any controlled Affiliate of such controlling Affiliate) or the acquiring Person in the case of a change of control of the Investor.

(w) "**Permitted Transferee Irrevocable Proxy**" shall have the meaning set forth in Section 5.1.

(x) "**Person**" shall mean any individual, partnership, joint venture, limited liability company, firm, corporation, trust, unincorporated organization, government or any department or agency thereof or other entity, as well as any syndicate or group that would be deemed to be a Person under Section 13(d)(3) of the Exchange Act.

(y) "**Prospectus**" shall mean (i) the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus, and (ii) any "free writing prospectus" as defined in Rule 405 under the Securities Act.

(z) "**Purchase Agreement**" shall have the meaning set forth in the Preamble to this Agreement and shall include all Exhibits attached thereto.

(aa) "**Purchased Shares**" shall have the meaning set forth in the Preamble to this Agreement, and shall be adjusted for (i) any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalization and (ii) any Common Stock issued as (or issuable upon the exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange or in replacement of, the Purchased Shares.

(bb) "**Register**," "**registered**" and "**registration**" refer to a registration made by preparing and filing a Registration Statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such Registration Statement or document.

(cc) "**Registrable Securities**" shall mean (i) the Purchased Shares and (ii) any other securities issued or issuable with respect to or in exchange for the Purchased Shares, whether by merger, charter amendment or otherwise; provided that a security shall cease to be a Registrable Security upon the earlier of (A) a sale pursuant to a Registration Statement or a valid exemption under the Securities Act, and (B) such security becoming eligible for sale without restriction by the Investor pursuant to Rule 144 and without the requirement to be in compliance with Rule 144(c)(1) (or any successor thereto) promulgated under the Securities Act.

(dd) "**Registration Statement**" shall mean a registration statement of the Company under the Securities Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

(ee) "**SEC**" shall mean the U.S. Securities and Exchange Commission.

(ff) "**Securities Act**" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(gg) "**Selling Securityholder Questionnaire**" shall mean a form of selling securityholder questionnaire as may be reasonably requested by the Company from time to time.

(hh) "**Shares of Then Outstanding Common Stock**" shall mean, at any time, the issued and outstanding shares of Common Stock at such time, as well as all capital stock issued and outstanding at such time as a result of any stock split, stock dividend, or reclassification of Common Stock distributable, on a pro rata basis, to all holders of Common Stock.

(ii) "**Standstill Parties**" shall have the meaning set forth in Section 3.1.

(jj) "**Standstill Term**" shall mean the period from and after the date of this Agreement until the occurrence of any event set forth in Section 6.2.

(kk) "**Third Party**" shall mean any Person other than the Investor, the Company or any Affiliate of the Investor or the Company.

(ll) "**Voting Agreement Term**" shall mean the period from and after the date of this Agreement until the occurrence of any event set forth in Section 6.4.

2. Registration Rights.

2.1 Company Registration.

(a) If, prior to the third (3rd) anniversary of the date hereof, the Company proposes to file a registration statement to register shares of the Company's Common Stock (a "**Triggering Registration**"), it will, prior to such filing, promptly give written notice to the Investor of its intention to do so and, if the Company receives the written request of the Investor (an "**Investor Request**") within twenty (20) Business Days after the Company provides such notice, the Company shall use commercially reasonable efforts to (i) promptly prepare and file with the SEC one Registration Statement covering the resale of all of the Registrable Securities within thirty (30) days after the date of such Investor Request (the "**Filing Deadline**") and (ii) make such Registration Statement become effective with the SEC within ninety (90) days after the Filing Deadline (or as soon as practicable thereafter). Subject to any SEC comments, such Registration Statement shall include the plan of distribution attached hereto as Exhibit B; provided, however, that in no event shall the Investor be named as an "underwriter" in such Registration Statement without the Investor's prior written consent. Such Registration Statement also shall cover, to the extent allowable under the Securities Act and the rules promulgated thereunder (including Rule 416), such indeterminate number of additional shares of Common Stock resulting from stock splits, stock dividends or similar transactions with respect to the Registrable Securities. Such Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided in accordance with Section 2.5(c) hereof to the Investor prior to its filing or other submission.

(b) Notwithstanding any other provision of this Section 2, following notice of a Triggering Registration but prior to the filing of the underlying registration statement with the SEC, the Company shall have the right to postpone or withdraw any such Triggering Registration without obligation to the Investor pursuant to Section 2.1(a) (regardless of whether an Investor Request has been delivered).

(c) If the Investor does not submit an Investor Request within twenty (20) Business Days of the Company's notice that it proposes to file its first registration statement to register shares of the Company's Common Stock after the date hereof, or notifies the Company in writing that it does not intend to request registration of its shares, the Investor shall be deemed to have forfeited its registration rights under this Agreement and this Section 2 shall be of no further force and effect. For the avoidance of doubt, to the extent the Investor does timely submit an Investor Request and for any reason (other than a withdrawal of such Investor Request by the Investor, and subject to Sections 2.3(b) and 2.4 below) a Registration Statement covering the Investor's Registrable Securities is not subsequently declared effective by the SEC (including in the event that the Triggering Registration is withdrawn by the Company pursuant to Section 2.1(b) above), Section 2.1(a) shall apply with respect to the Company's next filing of a registration statement to register shares of the Company's Common Stock.

2.2 Expenses. The Company will pay all expenses associated with the Registration Statement, including filing and printing fees, the Company's counsel and accounting fees and expenses, costs associated with clearing the Registrable Securities for sale under applicable state securities laws and listing fees, but excluding discounts, commissions, fees of underwriters, selling brokers, dealer managers or similar securities industry professionals with respect to the Registrable Securities being sold. The Company will reimburse the Investor for all reasonable, documented out-of-pocket legal expenses incurred by the Investor associated with the Registration Statement up to an aggregate of US $25,000.

2.3 Effectiveness.

(a) The Company shall use commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable after filing. The Company shall notify the Investor by facsimile or e-mail as promptly as practicable, and in any event, within twenty-four (24) hours, after the Registration Statement is declared effective and shall simultaneously provide the Investor with copies of any related Prospectus to be used in connection with the sale or other disposition of the securities covered thereby.

(b) For not more than sixty (60) consecutive days or for a total of not more than one hundred twenty (120) days in any twelve (12) month period, the Company may suspend the use of any Prospectus included in the Registration Statement contemplated by this Section 2 in the event that the Company determines in good faith that such suspension is necessary to (A) delay the disclosure of material non-public information concerning the Company, the disclosure of which at the time is not, in the good faith opinion of the Company, after consultation with counsel, in the best interests of the Company, (B) amend or supplement the affected Registration Statement or the related Prospectus so that such Registration Statement or Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus in light of the circumstances under which they were made, not misleading, (C) permit the Company to conduct a sale of securities or other financing that is not a sale of Registrable Securities or (D) file a replacement Registration Statement covering the resale of Registrable Securities in connection with the expiration or anticipated expiration of an effective Registration Statement (an "**Allowed Delay**"), provided that the Company shall promptly (i) notify the Investor in writing of the commencement of an Allowed Delay, but shall not (without the prior written consent of the Investor) disclose to the Investor any material non-public information giving rise to an Allowed Delay, (ii) advise the Investor in writing to cease all sales under such Registration Statement until the end of the Allowed Delay and (iii) use commercially reasonable efforts to terminate an Allowed Delay as promptly as practicable.

2.4 Rule 415; Cutback. If at any time the SEC takes the position that the offering of some or all of the Registrable Securities in a Registration Statement is not eligible to be made on a delayed or continuous basis under the provisions of Rule 415 under the Securities Act or requires the Investor to be named as an "underwriter," the Company shall use commercially reasonable efforts to persuade the SEC that the offering contemplated by such Registration Statement is a valid secondary offering and not an offering "by or on behalf of the issuer" as defined in Rule 415 and that the Investor is not an "underwriter." The Investor shall have the right to select one legal counsel to review and oversee any registration or matters pursuant to this Section 2.4, including participation in any meetings or discussions with the SEC regarding the SEC's position and to comment on any written submission made to the SEC with respect thereto. In the event that, despite the Company's commercially reasonable efforts and compliance with the terms of this Section 2.4, the SEC does not alter its position, the Company shall (i) remove from such Registration Statement such portion of the Registrable Securities (the "**Cut Back Shares**") and/or (ii) agree to such restrictions and limitations on the registration and resale of the Registrable Securities as the SEC may require to assure the Company's compliance with the requirements of Rule 415 (collectively, the "**SEC Restrictions**"); provided, however, that the Company shall not agree to name the Investor as an "underwriter" in such Registration Statement without the prior written consent of the Investor. Any cut-back imposed on the Investor pursuant to this Section 2.4 shall be applied first to any of the Registrable Securities of the Investor as such Investor shall designate, unless the SEC Restrictions otherwise require or provide or the Investor otherwise agrees. From and after such date as the Company is able to effect the registration of such Cut Back Shares, the Company shall use commercially reasonable efforts to file a Registration Statement relating to such Cut Back Shares and to have such Registration Statement declared effective by the SEC.

2.5 Company Obligations. The Company will use commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with the terms hereof, and pursuant thereto the Company will, as expeditiously as possible:

(a) use commercially reasonable efforts to cause such Registration Statement to remain continuously effective for a period that will terminate upon the earlier of (i) the date on which all Registrable Securities covered by such Registration Statement, as amended from time to time, have been sold, (ii) the date on which the Investor and its Affiliates together own less than one percent (1%) of the Shares of Then Outstanding Common Stock, and (iii) the first (1st) anniversary of the later of (A) the date on which such Registration Statement was declared effective by the SEC and (B) the end of the Lock-Up Term (the "**Effectiveness Period**"), and advise the Investor promptly in writing when the Effectiveness Period has expired;

(b) use commercially reasonable efforts to prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and the related Prospectus as may be necessary to keep such Registration Statement effective for the Effectiveness Period and to comply with the provisions of the Securities Act and the Exchange Act with respect to the distribution of all of the Registrable Securities covered thereby;

(c) provide copies to and permit any counsel designated by the Investor to review the Registration Statement and all amendments and supplements thereto (but excluding any documents incorporated by reference in such Registration Statement, amendments or supplements that are available on the SEC's Electronic Data Gathering, Analysis, and Retrieval system (or any successor system)) no fewer than five (5) Business Days prior to their filing with the SEC and not file any document to which such counsel reasonably objects;

(d) furnish to the Investor (i) promptly after the same is prepared and filed with the SEC, if requested by the Investor, one (1) copy of any Registration Statement and any amendment thereto, each preliminary prospectus and Prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any of the foregoing which contains information for which the Company has sought confidential treatment), and (ii) such number of copies of a Prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as the Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by the Investor that are covered by such Registration Statement;

(e) use commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness and, (ii) if such order is issued, obtain the withdrawal of any such order at the earliest practical moment;

(f) prior to any public offering of Registrable Securities, use commercially reasonable efforts to register or qualify or cooperate with the Investor and its counsel in connection with the registration or qualification of such Registrable Securities for the offer and sale under the securities or blue sky laws of such jurisdictions requested by the Investor and do any and all other commercially reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 2.5(f), (ii) subject itself to general taxation in any jurisdiction where it would not otherwise be so subject but for this Section 2.5(f), or (iii) file a general consent to service of process in any such jurisdiction;

(g) use commercially reasonable efforts to cause all Registrable Securities covered by a Registration Statement to be listed on each securities exchange, interdealer quotation system or other market on which similar securities issued by the Company are then listed;

(h) promptly notify the Investor, at any time prior to the end of the Effectiveness Period, upon discovery that, or upon the happening of any event as a result of which, the Prospectus includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements

therein not misleading in light of the circumstances then existing, and promptly prepare, file with the SEC and furnish to such holder a supplement to or an amendment of such Prospectus as may be necessary so that such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(i) notify the Investor, promptly after the Company receives notice thereof, of the time when such Registration Statement has been declared effective or a supplement to any Prospectus forming a part of such Registration Statement has been filed;

(j) after such Registration Statement becomes effective, notify the Investor of any request by the SEC that the Company amend or supplement such Registration Statement or Prospectus;

(k) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the Securities Act and the Exchange Act, including, without limitation, Rule 172 under the Securities Act, file any final Prospectus, including any supplement or amendment thereof, with the SEC pursuant to Rule 424 under the Securities Act, promptly inform the Investor in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Investor is required to deliver a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder; and make available to its security holders, as soon as reasonably practicable, an earnings statement covering a period of at least twelve (12) months, beginning after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act, including Rule 158 promulgated thereunder; and

(l) with a view to making available to the Investor the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Investor to sell shares of Common Stock to the public without registration, the Company covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) six months after such date as all of the Registrable Securities may be sold without restriction by the holders thereof pursuant to Rule 144 and without the requirement to be in compliance with Rule 144(c)(1) (or any successor thereto) promulgated under the Securities Act or any other rule of similar effect or (B) such date as all of the Registrable Securities shall have been resold; (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the Exchange Act; and (iii) furnish to the Investor upon request, as long as the Investor owns any Registrable Securities, (A) a written statement by the Company that it has complied with the reporting requirements of the Exchange Act, (B) a copy of the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, and (C) such other information as may be reasonably requested in order to avail the Investor of any rule or regulation of the SEC that permits the selling of any such Registrable Securities without registration.

2.6 Obligations of the Investor.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2 hereof with respect to the Registrable Securities that the Investor furnish in writing to the Company a Selling Securityholder Questionnaire and any other information regarding itself, the Registrable Securities and the intended method of disposition of the Registrable Securities, as shall be reasonably required to effect the registration of such Registrable Securities, and such Investor shall execute such documents in connection with such registration as the Company may reasonably request. At least ten (10) Business Days prior to the first anticipated filing date of any Registration Statement, the Company shall notify the Investor of the information the Company requires from the Investor in connection with such Registration Statement. The Investor shall provide such information to the Company at least five (5) Business Days prior to the first anticipated filing date of such Registration Statement.

(b) The Investor, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless the Investor has notified the Company in writing of its election to not request registration of the Registrable Securities pursuant to Section 2.1 of this Agreement

(c) The Investor agrees that, upon receipt of any written notice from the Company of either (i) the commencement of an Allowed Delay pursuant to Section 2.3(b) or (ii) the happening of an event pursuant to Section 2.5(h) hereof, the Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement covering such Registrable Securities, until the Investor is advised by the Company in writing that such dispositions may again be made.

(d) The Investor covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it or an exemption therefrom in connection with sales of Registrable Securities pursuant to any Registration Statement.

2.7 Indemnification.

(a) Indemnification by the Company. The Company shall indemnify and hold harmless the Investor and its officers, directors, members, employees and agents, successors and assigns, and each other person, if any, who controls the Investor within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement or omission or alleged omission of any material fact contained in any Registration Statement, any preliminary Prospectus or final Prospectus, or any amendment or supplement thereof; (ii) any violation by the Company or its agents of any rule or regulation promulgated under the Securities Act applicable to the Company or its

agents and relating to action or inaction required of the Company in connection with such registration; or (iii) any failure to register or qualify the Registrable Securities included in any such Registration Statement in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company will undertake such registration or qualification on the Investor's behalf and will reimburse the Investor, and each such officer, director or member and each such controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by the Investor or any such controlling person in writing specifically for use in such Registration Statement or Prospectus, (ii) the use by the Investor of an outdated or defective Prospectus after the Company has notified the Investor in writing that such Prospectus is outdated or defective, (iii) the Investor's failure to send or give a copy of the Prospectus or supplement (as then amended or supplemented), if required (and not exempted) to the Persons asserting an untrue statement or omission or alleged untrue statement or omission at or prior to the written confirmation of the sale of Registrable Securities or (iv) the disposition of any Registrable Securities pursuant to any Registration Statement or Prospectus covering such Registrable Securities during an Allowed Delay.

(b) Indemnification by the Investor. The Investor shall indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors, officers, employees, stockholders and each person who controls the Company (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expense (including reasonable attorney fees) resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in any Registration Statement or Prospectus or preliminary Prospectus or amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent that such untrue statement or omission is contained in any information furnished in writing by the Investor to the Company specifically for inclusion in such Registration Statement or Prospectus or amendment or supplement thereto. Except to the extent that any such losses claims, damages, liabilities or expenses are finally judicially determined to have resulted from the Investor's fraud or willful misconduct, in no event shall the liability of the Investor be greater in amount than the dollar amount of the proceeds (net of all expense paid by the Investor in connection with such registration and/or any claim relating to this Section 2.7 and the amount of any damages the Investor has otherwise been required to pay by reason of such untrue statement or omission) received by the Investor upon the sale of the Registrable Securities included in such Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any person entitled to

indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (a) the indemnifying party has agreed to pay such fees or expenses, (b) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person or (c) in the reasonable judgment of any such person, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially and adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, which shall not be unreasonably withheld or conditioned, consent to entry of any judgment or enter into any settlement that does not include as a full and unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability (monetary or otherwise) in respect of such claim or litigation.

(d) Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any person not guilty of such fraudulent misrepresentation. Except to the extent that any such losses claims, damages, liabilities or expenses are finally judicially determined to have resulted from the Investor's fraud or willful misconduct, in no event shall the contribution obligation of the Investor be greater in amount than the dollar amount of the proceeds (net of all expenses paid by the Investor in connection with such registration and/or any claim relating to this Section 2.7 and the amount of any damages such Investor has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

3. Standstill.

3.1 For the duration of the Standstill Term, unless the Company or its Affiliates or representatives have specifically invited or approved the Investor to do so in writing, neither the Investor nor any of its Affiliates or representatives (collectively, the "**Standstill Parties**") will in any manner, directly or indirectly, (i) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way advise, assist or encourage any other Person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in: (A) any acquisition of any securities (or beneficial ownership thereof) or assets of the Company, or any rights to acquire any such securities (including derivative securities representing the right to vote or economic benefit of any such securities) or assets; (B) any tender or exchange offer, merger or other business combination involving the Company; (C) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company; or (D) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC) or consents to vote any voting securities of the Company; (ii) form, join or in any way participate in a "group" (as defined under the Exchange Act) with respect to any securities of the Company; (iii) otherwise act, alone or in concert with others, to control or influence the management, Board of Directors or policies of the Company; (iv) negotiate with or provide any information to any Person (other than the Investor's representatives in accordance with this Agreement) with respect to, or make any statement or proposal to any Person (other than the Investor's representatives in accordance with this Agreement) with respect to, or make any public announcement or proposal or offer whatsoever with respect to, or act as a financing source for or otherwise invest in any other Persons in connection with, or otherwise solicit, seek or offer to effect any transactions or actions described, or take any action which would reasonably be expected to require the Company to make a public announcement regarding any of the types of matters set forth in clause (i) above; or (v) enter into any discussions or arrangements with any Third Party with respect to any of the foregoing. Notwithstanding anything to the contrary contained in this Agreement, Investor and its Affiliates shall not be precluded from owning or acquiring interests in broad-based mutual funds or similar entities that own capital stock of the Company, and nothing herein shall prohibit passive investments by pension or employee benefit plans of Investor.

3.2 The Investor also agrees during the Standstill Term not to request the Company (or its directors, officers, employees or agents), directly or indirectly, to amend or waive any provision of this Section 3 (including this sentence).

3.3 The Investor's obligations under this Section 3 shall not apply in the event that, during the Standstill Term, the Company publicly announces that it has entered into an agreement with any Third Party or group which provides for the acquisition (by way of merger, tender offer or otherwise) by such Third Party or group of more than fifty percent (50%) of the then-outstanding capital stock of the Company, securities representing more than fifty percent (50%) of the voting power of the then-outstanding capital stock of the Company, or all or substantially all the consolidated assets of the Company until such time, if applicable, that such agreement is terminated in accordance with its terms. The expiration or tolling of the Investor's obligations under this Section 3 will not terminate or otherwise affect any other provision in this Agreement.

4. Restrictions on Dispositions.

4.1 Lock-Up. During the Lock-Up Term, without the prior approval of the Company, the Investor shall not, and shall cause its Affiliates not to, Dispose of any of the Purchased Shares; provided, however, that the foregoing shall not prohibit the Investor from (i) transferring the Purchased Shares to a Permitted Transferee or (ii) Disposing of any Purchased Shares in order to reduce the beneficial ownership of the Standstill Parties to 19.99%, or such lesser percentage as advised in good faith and in writing by the Investor's certified public accountants that would be necessary pursuant to applicable accounting rules and guidelines so as to not require the Investor to include in its financial statements its portion of the Company's financial results, of the Shares of Then Outstanding Common Stock.

4.2 Certain Tender Offers. Notwithstanding any other provision of this Section 4, this Section 4 shall not prohibit or restrict any Disposition of Shares of Then Outstanding Common Stock and/or Common Stock Equivalents by the Standstill Parties into (i) a tender offer by a Third Party which is not opposed by the Company's Board of Directors (but only after the Company's filing of a Schedule 14D-9, or any amendment thereto, with the SEC disclosing the recommendation of the Company's Board of Directors with respect to such tender offer) or (ii) an issuer tender offer by the Company.

4.3 Sale Limitations. Subject to the restrictions set forth in Section 4.1, the Investor agrees that, except for any transfer of Shares of Then Outstanding Common Stock and/or Common Stock Equivalents by the Investor to a Permitted Transferee or the Company, it shall not, and shall cause its Affiliates not to, Dispose of any Shares of Then Outstanding Common Stock and/or Common Stock Equivalents at any time to any Person that such Investor or Affiliate knows (after a reasonable inquiry in a private placement) is a Competitor.

4.4 Offering Lock-Up. The Investor shall, if requested in writing by the Company and an underwriter of Common Stock in connection with any underwritten public offering of Common Stock, agree not to Dispose of any Shares of Then Outstanding Common Stock and/or Common Stock Equivalents for a specified period of time, such period of time not to exceed ninety (90) days (a "**Lock-Up Agreement**"), provided that (a) such agreement shall not restrict the Investor's ability to Dispose of any Shares of Then Outstanding Common Stock and/or Common Stock Equivalents in accordance with Section 4.2, and (b) each officer and director has entered into a written agreement with similar obligations no less favorable to such Person than as contemplated hereby. Any Lock-Up Agreement shall be in writing in a form reasonably satisfactory to the Company and the underwriter(s) in such offering. The Company may impose stop transfer instructions with respect to the Shares of Then Outstanding Common Stock and/or Common Stock Equivalents subject to the foregoing restrictions until the end of the specified period of time.

4.5 Transactions for Personal Account. For the avoidance of doubt, nothing in this Article 4 will restrict any Disposition of shares of Common Stock held by an executive officer or director of the Investor for his or her personal account.

5. Voting Agreement.

5.1 Voting of Securities. During the Voting Agreement Term, other than as permitted by Section 5.2 with respect to Extraordinary Matters, in any vote or action by written consent of the stockholders of the Company (including, without limitation, with respect to the election of directors), the Investor shall, and shall cause any Permitted Transferees to, vote or execute a written consent with respect to the Purchased Shares, in the sole discretion of the Investor, in accordance with the written recommendation of the Company's Board of Directors. In furtherance of this Section 5.1, the Investor hereby irrevocably appoints the Company and any individuals designated by the Company (such designated individuals to be limited to the President and Chief Executive Officer, Chief Financial Officer or Secretary of the Company), and each of them individually, as the attorneys, agents and proxies, with full power of substitution and re-substitution in each of them, for the Investor, and in the name, place and stead of the Investor, to vote (or cause to be voted) in such manner as set forth in this Section 5.1 (but in any case, excluding any matter that is an Extraordinary Matter described in Section 5.2) with respect to the Purchased Shares to which the Investor is or may be entitled to vote at any meeting of the Company held after the date hereof, whether annual or special and whether or not an adjourned meeting (the "**Irrevocable Proxy**"). This Irrevocable Proxy is coupled with an interest, shall be irrevocable and binding on any successor-in-interest of the Investor and shall not be terminated by operation of law upon the occurrence of any event. This Irrevocable Proxy shall operate to revoke and render void any prior proxy as to voting securities heretofore granted by the Investor which is inconsistent herewith. Notwithstanding the foregoing, the Irrevocable Proxy shall be effective if, at any annual or special meeting of the stockholders of the Company and at any adjournments or postponements of any such meetings, the Investor (i) fails to appear or otherwise fails to cause its voting securities of the Company to be counted as present for purposes of calculating a quorum, or (ii) fails to vote such voting securities in accordance with this Section 5.1, in each case at least two (2) Business Days prior to the date of such stockholders' meeting. The Irrevocable Proxy shall terminate upon the earlier of the expiration or termination of the Voting Agreement Term. The Investor shall cause any Permitted Transferee to promptly execute and deliver to the Company an irrevocable proxy, substantially in the form of Exhibit A attached hereto, and irrevocably appoint the Company and any individuals designated by the Company, and each of them individually, with full power of substitution and resubstitution, as its attorney, agent and proxy to vote (or cause to be voted) such Purchased Shares of the Company as to which such Permitted Transferee is entitled to vote, in such manner as each such attorney, agent and proxy or his substitute shall in its, his or her sole discretion deem appropriate or desirable with respect to the matters set forth in this Section 5.1 (the "**Permitted Transferee Irrevocable Proxy**"). The Investor acknowledges, and shall cause any Permitted Transferees to acknowledge, that any such proxy executed and delivered shall be coupled with an interest, shall constitute, among other things, an inducement for the Company to enter into this Agreement, shall be irrevocable and binding on any successor-in-interest of such Permitted Transferee and shall not be terminated by operation of Law upon the occurrence of any event. Such proxy shall operate to revoke and render void any prior proxy as to any voting securities of the Company heretofore granted by such Permitted Transferee, to the extent it is inconsistent herewith. The Investor acknowledges and agrees that it shall be a condition to any proposed transfer of voting securities of the Company by the Investor to such Permitted Transferee that such

Permitted Transferee execute and deliver to the Company a Permitted Transferee Irrevocable Proxy, and that any purported transfer shall be void and of no force or effect if such Permitted Transferee Irrevocable Proxy is not so executed and delivered at the closing of such transfer. Such proxy shall terminate upon the earlier of the expiration or termination of the Voting Agreement Term. The Investor acknowledges and agrees that it shall be a condition to any proposed transfer of voting securities of the Company by the Investor to any Permitted Transferee during the Voting Agreement Term that such Permitted Transferee shall agree in writing to be subject to and bound by all restrictions and obligations set forth in this Section 5.1.

In the event the Company's stockholders are permitted to act by written consent, the Company and the Investor shall each negotiate in good faith with the other provisions as consistent as possible with the foregoing to govern the voting of the Investor's and its Permitted Transferees' Shares of Then Outstanding Common Stock as closely as practicable to the foregoing.

5.2 Certain Extraordinary Matters. The Investor and its Permitted Transferees may vote, or execute a written consent with respect to, any or all of the voting securities of the Company as to which they are entitled to vote or execute a written consent, as they may determine in their sole discretion, with respect to the following matters (each such matter being an "**Extraordinary Matter**"):

(a) any transaction which would result in a Change of Control of the Company; and

(b) any liquidation or dissolution of the Company.

5.3 Quorum. In furtherance of Section 5.1, the Investor shall be, and shall cause each of its Permitted Transferees to be, present in person or represented by proxy at all meetings of stockholders to the extent necessary so that all voting securities of the Company as to which they are entitled to vote shall be counted as present for the purpose of determining the presence of a quorum at such meeting.

6. Termination of Certain Rights and Obligations.

6.1 Termination of Registration Rights. Except for Section 2.7, which shall survive until the expiration of any applicable statutes of limitation, Section 2 shall terminate automatically and have no further force or effect upon the earliest to occur of:

(a) the expiration of the Effectiveness Period;

(b) the forfeiture of the Investor's registration rights pursuant to Section 2.1(c);

(c) a liquidation or dissolution of the Company; and

(d) the date on which the Common Stock ceases to be registered pursuant to Section 12 of the Exchange Act.

6.2 Termination of Standstill Term. Section 3 shall terminate and have no further force or effect upon the earliest to occur of:

(a) the date that is eighteen (18) months after the Closing Date;

(b) the Standstill Parties cease to hold any Shares of Outstanding Common Stock;

(c) a liquidation or dissolution of the Company; and

(d) the date on which the Common Stock ceases to be registered pursuant to Section 12 of the Exchange Act.

6.3 Termination of Lock-Up Term. Section 4.1 shall terminate and have no further force or effect upon the earliest to occur of:

(a) the date that is six (6) months after the Closing Date;

(b) a Change of Control of the Company;

(c) the Standstill Parties cease to hold any Shares of Outstanding Common Stock;

(d) a liquidation or dissolution of the Company; and

(e) the date on which the Common Stock ceases to be registered pursuant to Section 12 of the Exchange Act.

6.4 Termination of Voting Agreement Term. Section 5 shall terminate and have no further force or effect upon the earliest to occur of:

(a) the date that is eighteen (18) months after the Closing Date;

(b) a Change of Control of the Company;

(c) the Standstill Parties cease to hold any Shares of Outstanding Common Stock; and

(d) a liquidation or dissolution of the Company.

6.5 Effect of Termination. No termination pursuant to any of Sections 6.1, 6.2, 6.3 or 6.4 shall relieve any of the parties (or the Permitted Transferee, if any) for liability for breach of or default under any of their respective obligations or restrictions under any terminated provision of this Agreement, which breach or default arose out of events or circumstances occurring or existing prior to the date of such termination.

7. Miscellaneous.

7.1 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware. Except as expressly set forth herein, the parties hereby agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, shall be brought in the United States District Court for the District of Delaware or in the Court of Chancery of the State of Delaware (or, if such court lacks subject matter jurisdiction, in the Superior Court of the State of Delaware), so long as one of such courts shall have subject-matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware. Each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Service of process, summons, notice or other document by registered mail to the address set forth in Section 7.4 shall be effective service of process for any suit, action or other proceeding brought in any such court. Each party hereby acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

7.2 Extension; Waiver. The failure of any party to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such party's right to demand strict compliance herewith in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder. Any agreement on the part of a party to any extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the party against which such waiver or extension is to be enforced. Waiver of any term or condition of this Agreement by a party shall not be construed as a waiver of any subsequent breach or waiver of the same term or condition by such party, or a waiver of any other term or condition of this Agreement by such party.

7.3 No Agreement Until Executed. Irrespective of negotiations among the parties or the exchanging of drafts of this Agreement, this Agreement shall not constitute or be deemed to evidence a contract, agreement, arrangement or understanding among the parties unless and until this Agreement is executed and delivered by the parties.

7.4 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.4):

If to the Investor:

Bayer AG
Kaiser-Wilhelm-Allee 20
51373 Leverkusen
Germany
Attention: Dr. Christian Bank, LL.M.
Email: christian.bank@bayer.com

with a copy to:

Orrick, Herrington & Sutcliffe LLP
1000 Marsh Road
Menlo Park, CA 94025
Attention: Matthew R. Gemello

If to the Company:

Arvinas, Inc.
5 Science Park
395 Winchester Ave.
New Haven, Connecticut 06511
Attention: Matthew Batters, Esq.

with a copy to:

Wilmer Cutler Pickering Hale and Dorr LLP
7 World Trade Center
250 Greenwich Street
New York, NY 10007
Attention: Brian A. Johnson

7.5 Miscellaneous. This Agreement, the Purchase Agreement, the Transaction Documents (as defined in the Commitment Agreement), the Collaboration Agreement and any documents executed by the parties simultaneously herewith or pursuant thereto, constitute the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior arrangements and understandings, written or oral, among the parties with respect to the subject matter hereof. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

7.6 Amendments. No provision in this Agreement shall be supplemented, deleted or amended except in a writing executed by an authorized representative of each of the Investor and the Company.

7.7 Interpretation. For purposes of this Agreement: (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; and (d) the words "will" and "shall" are to be interpreted as having the same meaning. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The word "dollar" or symbol "$" refer to the lawful currency of the United States of America. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement in accordance herewith.

7.8 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under applicable Law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

7.9 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either party without the prior written consent of the other party. Subject to the prior sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, executors, administrators, successors and assigns.

7.10 Third Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including any creditor of any party hereto. No Third Party shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against any party hereto.

7.11 No Strict Construction. This Agreement has been prepared jointly and shall not be construed against either party.

7.12 Equitable Remedies. Each party acknowledges that a breach or threatened breach by such party of any of its obligations under this Agreement would give rise to irreparable harm to the other party, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, the other party shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

7.13 Remedies Cumulative. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

7.14 No Conflicting Agreements. The Investor hereby represents and warrants to the Company that neither it nor any of its Affiliates is, as of the date of this Agreement, a party to, and agrees that neither it nor any of its Affiliates shall, on or after the date of this Agreement, enter into any agreement that conflicts with the rights granted to the Company in this Agreement. The Company hereby represents and warrants to the Investor that it is not, as of the date of this Agreement, a party to, and agrees that it shall not, on or after the date of this Agreement, enter into any agreement, or approve any amendment to its charter or by-laws or similar organizational documents of the Company with respect to its securities, that conflicts with the rights granted to the Investor in this Agreement which have not expired or been terminated in accordance with the terms hereof. The Company further represents and warrants that the rights granted to the Investor hereunder do not in any way conflict with the rights granted to any other holder of the Company's securities under any other agreements.

7.15 Use of Proceeds. The Company shall use the proceeds from the sale of the Purchased Shares for research and development and other working capital purposes and shall not use such proceeds for the redemption of any shares of Common Stock or for the payment of any dividends on shares of Common Stock.

7.16 No Publicity. The parties hereto agree that the provisions of Section 4.3 of the Commitment Agreement (mutatis mutandis) and Section 11.01(d) of that certain Amended and Restated Limited Liability Company Agreement (mutatis mutandis) to be entered into in connection with the Joint Venture (as amended, restated, supplemented and/or otherwise modified from time to time, the "**LLC Agreement**") shall be applicable to the parties to this Agreement with respect to any public disclosures regarding the Purchase Agreement, the Joint Venture, and the Collaboration Agreement or regarding the parties hereto or their Affiliates (it being understood that the provisions of Section 4.3 of the Commitment Agreement and Section 11.01(d) of the LLC Agreement shall be read to apply to disclosures of information relating to this Agreement and the transactions contemplated hereby).

7.17 Limitation of Liability. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY (OR THE OTHER PARTY'S AFFILIATES OR SUBLICENSEES) IN CONNECTION WITH THIS AGREEMENT FOR LOST REVENUE, LOST PROFITS, LOST SAVINGS, LOSS OF USE, DAMAGE TO GOODWILL, OR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR INDIRECT DAMAGES UNDER ANY THEORY, INCLUDING CONTRACT, NEGLIGENCE, OR STRICT LIABILITY, EVEN IF THAT PARTY HAS BEEN PLACED ON NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

7.18 Commitment Agreement and Collaboration Agreement. Each of the Commitment Agreement and the Collaboration Agreement (and any related agreements entered into in connection with the transactions contemplated thereby) are intended to be separate arrangements among the parties thereto and are only referenced herein for purposes of the Closing (as defined in the Purchase Agreement). Except as expressly provided herein, in no event shall the terms set forth herein limit or otherwise apply to the Collaboration Agreement, the Commitment Agreement, or any other related agreement and/or any transaction contemplated thereby.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

BAYER AG

By: /s/ Christian Bank
Name: Dr. Christian Bank
Title: Head of Legal M&A

By: /s/ Jörg Möller
Name: Jörg Möller
Title: Head of PH Research & Development

ARVINAS, INC.

By: /s/ John Houston
Name: John Houston, Ph.D.
Title: President & CEO

[*Signature Page to Investor Agreement*]

EXHIBIT A

FORM OF IRREVOCABLE PROXY

In order to secure the performance of the duties of the undersigned pursuant to Section 5.1 of the Investor Agreement, dated as of July 16, 2019 (the "**Agreement**"), by and between Bayer AG and Arvinas, Inc. (the "**Company**"), the undersigned hereby irrevocably appoints the Company and any individual designated by the Company, and each of them individually, as the attorneys, agents and proxies, with full power of substitution and resubstitution in each of them, for the undersigned, and in the name, place and stead of the undersigned, to vote (or cause to be voted) in such manner as set forth in Section 5.1 of the Agreement (but in any case excluding any matter that is an Extraordinary Matter described in Section 5.2) with respect to all Purchased Shares, which the undersigned is or may be entitled to vote at any meeting of the Company held after the date hereof, whether annual or special and whether or not an adjourned meeting. This proxy is coupled with an interest, shall be irrevocable and binding on any successor-in-interest of the undersigned and shall not be terminated by operation of law upon the occurrence of any event. This proxy shall operate to revoke and render void any prior proxy as to voting securities heretofore granted by the undersigned which is inconsistent herewith. Notwithstanding the foregoing, this irrevocable proxy shall be effective if, at any annual or special meeting of the stockholders of the Company (or any consent in lieu thereof) and at any adjournments or postponements of any such meetings, the undersigned (i) fails to appear or otherwise fails to cause its voting securities of the Company to be counted as present for purposes of calculating a quorum, or (ii) fails to vote such voting securities in accordance with Section 5.1 of the Agreement, in each case at least two (2) Business Days prior to the date of such stockholders' meeting. This proxy shall terminate upon the earlier of the expiration or termination of the Voting Agreement Term.

BAYER AG

By: _____
Name:
Title:

EXHIBIT B

Plan of Distribution

The selling stockholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

– ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

– block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;

– purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

– an exchange distribution in accordance with the rules of the applicable exchange;

– privately negotiated transactions;

– short sales effected after the date the registration statement of which this prospectus is a part is declared effective by the SEC;

– through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

– broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

– a combination of any such methods of sale; and

– any other method permitted by applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933, as amended (the “Securities Act”), amending the list of selling stockholders to include the pledgee, transferee or

other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule.

The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are “underwriters” within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M promulgated under the Securities Exchange Act of 1934, as amended, may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling stockholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus and actually issued or issuable upon conversion of the Notes have been sold and (2) the date on which all of the shares may be sold without restriction pursuant to Rule 144 of the Securities Act.

* * * * *

Exhibit 10.7

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) would likely cause competitive harm to the Company, if publicly disclosed. Double asterisks denote omissions.

Amendment No. 5

This Amendment No. 5 (this "Amendment"), effective as of June 3, 2019 (the "Amendment Effective Date"), to that certain Agreement, dated July 5, 2013, as amended on May 8, 2014, October 23, 2014, April 1, 2015 and December 19, 2018, (the "License Agreement") by and between Arvinas Operations, Inc. (formerly, Arvinas, Inc.), a Delaware corporation having its office at 5 Science Park, 3rd Floor, New Haven, CT 06511 ("Arvinas") and Yale University, a corporation organized and existing under and by virtue of a charter granted by the general assembly of the Colony and the State of Connecticut and located at 433 Temple St., New Haven, CT 06511 ("Yale").

WHEREAS, Arvinas and Yale have entered into the License Agreement and now desire to amend such License Agreement as set forth more particularly herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intended to be legally bound hereby, the parties hereto agree as follows:

1. The definition of "FIELD" in Section 2.6 of the License Agreement is hereby deleted in its entirety and replaced with the following:

" "FIELD" shall mean, collectively, the THERAPEUTIC FIELD and the AGRICULTURAL FIELD."

2. The following definitions are hereby added to Section 2 (Definitions) of the License Agreement:

" "AGRICULTURAL FIELD" shall mean any and all uses or applications in agriculture in which a product mediates degradation of one or more target proteins."

" "THERAPEUTIC FIELD" shall mean the treatment or prevention of any human or animal disease in which a product mediates degradation of one or more target proteins except for the following: (a) [**]; and (b) up to [**] additional targets selected by the [**] under the terms and conditions set forth in that certain Agreement between YALE, [**]"

3. In consideration for this Amendment, Arvinas will pay to Yale an amount equal to [**] Dollars (U.S. $[**]). In the event that Arvinas has not paid such amount to Yale within [**] of Arvinas' receipt of an invoice for the same issued by Yale (which invoice shall not be issued prior to [**]), this Amendment will become null and void immediately upon the expiration of such time period.

4. Capitalized terms used, but not defined in this Amendment shall have the respective meanings ascribed to such terms in the License Agreement. Any reference to "the Agreement" or this "Agreement" in the License Agreement shall mean the License Agreement, as amended by this Amendment.

5. Except as expressly provided herein: (a) no terms or provisions of the License Agreement are modified or changed by this Amendment, and (b) the terms and provisions of the License Agreement shall continue in full force and effect.

6. The parties agree that in the event of any conflict between the License Agreement and this Amendment as to the subject matter of this Amendment, the provisions of this Amendment will control to the maximum extent permitted under applicable law.

7. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Amendment may be executed by facsimile or electronic transmission signatures (including .pdf copies).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Amendment Effective Date:

Arvinas Operations, Inc.		**Yale University**	
By:	/s/ John Houston	By:	/s/ Jon Soderstrom
Name:	John Houston	Name:	Jon Soderstrom
Title:	President and CEO	Title	Managing Director, Office of Cooperative Research

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Houston, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arvinas, 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)) 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) 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

   (c) 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: August 5, 2019

By: /s/ John Houston, Ph.D.
John Houston, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sean Cassidy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arvinas, 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)) 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) 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

   (c) 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: August 5, 2019

By: /s/ Sean Cassidy

Sean Cassidy
Chief Financial Officer and Treasurer
(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 of Arvinas, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2019

By: /s/ John Houston, Ph.D.
John Houston, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Arvinas, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2019

By: /s/ Sean Cassidy

Sean Cassidy
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)