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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 March 31, 2014

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 001-34655

AVEO PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**04-3581650**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

650 East Kendall Street, Cambridge, Massachusetts 02142
(Address of Principal Executive Offices) (Zip Code)

(617) 299-5000
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Number of shares of the registrant's Common Stock, $0.001 par value, outstanding on May 1, 2014: 52,266,461

AVEO PHARMACEUTICALS, INC.

FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2014

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

AVEO PHARMACEUTICALS, INC.

Condensed Consolidated Balance Sheets
(In thousands, except par value amounts)
(Unaudited)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 46,335	$ 50,826
Marketable securities	41,987	67,680
Accounts receivable	1,254	984
Tenant improvement allowance receivable	13,321	5,833
Restricted cash	636	598
Prepaid expenses and other current assets	2,044	2,998
Total current assets	105,577	128,919
Property and equipment, net	19,011	14,140
Other assets	258	290
Restricted cash	2,959	2,997
Total assets	$ 127,805	$ 146,346
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 4,031	$ 4,238
Accrued expenses	12,351	13,263
Loans payable, net of discount	10,730	10,383
Deferred revenue	2,897	1,294
Other liabilities	1,238	1,238
Deferred rent	1,397	992
Total current liabilities	32,644	31,408
Loans payable, net of current portion and discount	6,001	8,822
Deferred revenue, net of current portion	204	17,098
Deferred rent, net of current portion	21,198	19,080
Lease exit obligation, net of current portion	3,492	—
Stockholders' equity:		
Preferred stock, $.001 par value: 5,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $.001 par value: 100,000 shares authorized; 52,262 and 51,809 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	52	52
Additional paid-in capital	497,946	497,177
Accumulated other comprehensive income (loss)	7	(2)
Accumulated deficit	(433,739)	(427,289)
Total stockholders' equity	64,266	69,938
Total liabilities and stockholders' equity	$ 127,805	$ 146,346

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

AVEO PHARMACEUTICALS, INC.

Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Collaboration revenue	$15,289	$ 323
Operating expenses:		
Research and development	11,767	20,962
General and administrative	5,555	12,449
Restructuring and lease exit	3,859	67
	21,181	33,478
Loss from operations	(5,892)	(33,155)
Other income and expense:		
Other income (expense), net	7	(101)
Interest expense	(581)	(870)
Interest income	16	41
Other expense, net	(558)	(930)
Net loss	$ (6,450)	$(34,085)
Net loss per share – basic and diluted	$ (0.12)	$ (0.69)
Weighted average number of common shares outstanding	51,634	49,380

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

AVEO PHARMACEUTICALS, INC.

Condensed Consolidated Statements of Comprehensive Loss
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Net loss	$(6,450)	$(34,085)
Other comprehensive income:		
Unrealized gains on available-for-sale securities	8	7
Foreign currency translation adjustment	—	26
Comprehensive loss	$(6,442)	$(34,052)

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

AVEO PHARMACEUTICALS, INC.

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Operating activities		
Net loss	$ (6,450)	$(34,085)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment of property, and equipment	2,502	—
Depreciation and amortization	838	900
Net loss on disposal of fixed assets	—	50
Stock-based compensation	718	2,588
Non-cash interest expense	54	81
Amortization of premium and discount on investments	120	339
Changes in operating assets and liabilities:		
Accounts receivable	(270)	11,468
Tenant improvement allowance receivable	(7,488)	(300)
Prepaid expenses and other current assets	951	(17)
Other noncurrent assets	32	(46)
Restricted cash	—	42
Accounts payable	(1,618)	(2,545)
Accrued expenses	71	(2,128)
Deferred revenue	(15,291)	(324)
Other liabilities	3,492	—
Deferred rent	2,523	2,369
Net cash used in operating activities	(19,816)	(21,608)
Investing activities		
Purchases of property and equipment	(7,754)	(762)
Purchases of marketable securities	(33,054)	(48,951)
Proceeds from maturities and sales of marketable securities	58,628	27,351
Net cash provided by (used in) investing activities	17,820	(22,362)
Financing activities		
Proceeds from issuance of common stock, net of issuance costs	—	53,638
Proceeds from exercise of stock options	29	70
Principal payments on loans payable	(2,524)	—
Net cash (used in) provided by financing activities	(2,495)	53,708
Net (decrease) increase in cash and cash equivalents	(4,491)	9,738
Effect of exchange rate changes on cash and cash equivalents	—	26
Cash and cash equivalents at beginning of period	50,826	76,134
Cash and cash equivalents at end of period	$ 46,335	$ 85,898
Supplemental cash flow information		
Cash paid for interest	$ 553	$ 788

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

AVEO Pharmaceuticals, Inc.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

(1) Organization

AVEO Pharmaceuticals, Inc. (the "Company") is a biopharmaceutical company committed to discovering and developing targeted therapies designed to provide substantial impact in the lives of people with cancer by addressing unmet medical needs. The Company's proprietary Human Response Platform™ provides the Company with unique insights into cancer biology and is leveraged in the discovery and clinical development of therapeutics.

The Company has a pipeline of monoclonal antibodies, including ficlatuzumab, a product candidate for which the Company has completed a phase 2 clinical study, and AV-203, an anti-ErbB3 monoclonal antibody that has high ErbB3 affinity and potent anti-tumor activity in mouse models, for which the Company has completed a phase 1 dose escalation study.

The Company and Astellas Pharma, Inc. ("Astellas") were developing tivozanib for the treatment of various types of cancers such as renal cell carcinoma, colorectal cancer and breast cancer pursuant to a worldwide collaboration and license agreement. Astellas notified the Company in February 2014 that it has elected to terminate the license agreement. This termination will become effective in August 2014, at which time the tivozanib rights will be returned to the Company.

In 2012, the Company initiated a program focusing on cachexia, a serious and common complication of advanced cancer and a number of chronic diseases. Cachexia is characterized by symptoms of unintentional weight loss, progressive muscle wasting, and a loss of appetite. The program's primary research focus is in the area of cancer cachexia, where there is a major unmet need. AV-380, the Company's lead drug candidate, is a potent humanized IgG1 inhibitory monoclonal antibody targeting growth differentiating factor-15, or GDF-15, a divergent member of the TGF-ß family.

As used throughout these condensed consolidated financial statements, the terms "AVEO," and the "Company" refer to the business of AVEO Pharmaceuticals, Inc. and its subsidiaries, AVEO Pharma Limited and AVEO Securities Corporation, both of which are wholly-owned.

The Company has an accumulated deficit as of March 31, 2014 of approximately $433.7 million, and will require substantial additional capital for research and product development.

(2) Basis of Presentation

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, AVEO Pharma Limited and AVEO Securities Corporation. The Company has eliminated all significant intercompany accounts and transactions in consolidation.

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals and revisions of estimates, considered necessary for a fair presentation of the condensed consolidated financial statements have been included. Interim results for the three months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2014 or any other future period.

The information presented in the condensed consolidated financial statements and related footnotes at March 31, 2014, and for the three months ended March 31, 2014 and 2013, is unaudited and the condensed consolidated balance sheet amounts and related footnotes at December 31, 2013 have been derived from the Company's audited financial statements. For further information, refer to the consolidated financial statements and accompanying footnotes included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2013, which was filed with the U.S. Securities and Exchange Commission ("SEC") on March 13, 2014.

(3) Significant Accounting Policies

Revenue Recognition

The Company's revenues are generated primarily through collaborative research, development and commercialization agreements. The terms of these agreements generally contain multiple elements, or deliverables, which may include (i) licenses, or options to obtain licenses, to the Company's technology, (ii) research and development activities to be performed on behalf of the collaborative partner, and (iii) in certain cases, services in connection with the manufacturing of pre-clinical and clinical material. Payments to the Company under these arrangements typically include one or more of the following: non-refundable, up-front license fees; option exercise fees; funding of research and/or development efforts; milestone payments; and royalties on future product sales.

When evaluating multiple element arrangements, the Company considers whether the deliverables under the arrangement represent separate units of accounting. This evaluation requires subjective determinations and requires management to make judgments about the individual deliverables and whether such deliverables are separable from the other aspects of the contractual relationship. In determining the units of accounting, management evaluates certain criteria, including whether the deliverables have standalone value, based on the relevant facts and circumstances for each arrangement. The consideration received is allocated among the separate units of accounting using the relative selling price method, and the applicable revenue recognition criteria are applied to each of the separate units.

The Company determines the estimated selling price for deliverables within each agreement using vendor-specific objective evidence ("VSOE") of selling price, if available, third-party evidence ("TPE") of selling price if VSOE is not available, or best estimate of selling price if neither VSOE nor TPE is available. Determining the best estimate of selling price for a deliverable requires significant judgment. The Company typically uses best estimate of selling price to estimate the selling price for licenses to the Company's proprietary technology, since the Company often does not have VSOE or TPE of selling price for these deliverables. In those circumstances where the Company utilizes best estimate of selling price to determine the estimated selling price of a license to the Company's proprietary technology, the Company considers market conditions as well as entity-specific factors, including those factors contemplated in negotiating the agreements and internally developed models that include assumptions related to the market opportunity, estimated development costs, probability of success and the time needed to commercialize a product candidate pursuant to the license. In validating the Company's best estimate of selling price, the Company evaluates whether changes in the key assumptions used to determine the best estimate of selling price will have a significant effect on the allocation of arrangement consideration among multiple deliverables.

The Company typically receives non-refundable, up-front payments when licensing its intellectual property in conjunction with a research and development agreement. When management believes the license to its intellectual property does not have stand-alone value from the other deliverables to be provided in the arrangement, the Company generally recognizes revenue attributed to the license on a straight-line basis over the Company's contractual or estimated performance period, which is typically the term of the Company's research and development obligations. If management cannot reasonably estimate when the Company's performance obligation ends, then revenue is deferred until management can reasonably estimate when the performance obligation ends. When management believes the license to its intellectual property has stand-alone value, the Company generally recognizes revenue attributed to the license upon delivery. The periods over which revenue should be recognized are subject to estimates by management and may change over the course of the research and development agreement. Such a change could have a material impact on the amount of revenue the Company records in future periods.

Payments or reimbursements resulting from the Company's research and development efforts for those arrangements where such efforts are considered as deliverables are recognized as the services are performed and are presented on a gross basis so long as there is persuasive evidence of an arrangement, the fee is fixed or determinable, and collection of the related receivable is reasonably assured. Amounts received prior to satisfying the above revenue recognition criteria are recorded as deferred revenue in the accompanying balance sheets.

At the inception of each agreement that includes milestone payments, the Company evaluates whether each milestone is substantive and at risk to both parties on the basis of the contingent nature of the milestone. This evaluation includes an assessment of whether (a) the consideration is commensurate with either (1) the entity's performance to achieve the milestone, or (2) the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone, (b) the consideration relates solely to past performance, and (c) the consideration is reasonable relative to all of the deliverables and payment terms within the arrangement. The Company evaluates factors such as the scientific, regulatory, commercial and other risks that must be overcome to achieve the respective milestone, the level of effort and investment required to achieve the respective milestone and whether the milestone consideration is reasonable relative to all deliverables and payment terms in the arrangement in making this assessment.

The Company aggregates its milestones into four categories: (i) clinical and development milestones, (ii) regulatory milestones, (iii) commercial milestones, and (iv) patent-related milestones. Clinical and development milestones are typically achieved when a product candidate advances into a defined phase of clinical research or completes such phase. For example, a milestone payment may be due to the Company upon the initiation of a phase 3 clinical trial for a new indication, which is the last phase of clinical development and could eventually contribute to marketing approval by the U.S. Food and Drug Administration ("FDA") or other global regulatory authorities. Regulatory milestones are typically achieved upon acceptance of the submission for marketing approval of a product candidate or upon approval to market the product candidate by the FDA or other global regulatory authorities. For example, a milestone payment may be due to the Company upon the FDA's acceptance of a New Drug Application ("NDA"). Commercial milestones are typically achieved when an approved pharmaceutical product reaches certain defined levels of net sales by the licensee, such as when a product first achieves global sales or annual sales of a specified amount. Patent-related milestones are typically achieved when a patent application is filed or a patent is issued with respect to certain intellectual property related to the applicable collaboration.

Revenues from clinical and development, regulatory, and patent-related milestone payments, if the milestones are deemed substantive and the milestone payments are nonrefundable, are recognized upon successful accomplishment of the milestones. The Company has concluded that the clinical and development, regulatory and patent-related milestones pursuant to its current research and development arrangements are substantive. Milestones that are not considered substantive are accounted for as license payments and recognized on a straight-line basis over the remaining period of performance. Revenues from commercial milestone payments are accounted for as royalties and are recorded as revenue upon achievement of the milestone, assuming all other revenue recognition criteria are met.

Research and Development Expenses

Research and development expenses are charged to expense as incurred. Research and development expenses consist of costs incurred in performing research and development activities, including personnel-related costs such as salaries and stock-based compensation, facilities, research-related overhead, clinical trial costs, manufacturing costs and costs of other contracted services, license fees, and other external costs. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received.

Cash and Cash Equivalents

The Company considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents at March 31, 2014 consisted of money market funds and corporate debt securities, including commercial paper, maintained by an investment manager totaling $34.3 million and $4.8 million, respectively. Cash equivalents at December 31, 2013 consisted of money market funds and corporate debt securities, including commercial paper, maintained by an investment manager totaling $29.9 million and $15.9 million, respectively. The carrying values of our cash equivalent securities approximate fair value due to their short term maturities.

Marketable Securities

Marketable securities at March 31, 2014 consisted of asset-backed securities and corporate debt securities, including commercial paper, maintained by an investment manager. Marketable securities at December 31, 2013 consisted of municipal bonds, asset-backed securities, and corporate debt securities, including commercial paper, maintained by an investment manager. Credit risk is reduced as a result of the Company's policy to limit the amount invested in any one issue. Marketable securities consist primarily of investments which have expected average maturity dates in excess of three months, but not longer than 24 months. The Company classifies these investments as available-for-sale. Unrealized gains and losses are included in other comprehensive (loss) income until realized. The cost of securities sold is based on the specific identification method. There were no realized gains or losses recognized on the sale or maturity of securities during the three months ended March 31, 2014 and 2013.

Available-for-sale securities at March 31, 2014 and December 31, 2013 consist of the following:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
		(in thousands)		
March 31, 2014:				
Corporate debt securities (Due within 1 year)	$29,178	$ 10	$ (3)	$29,185
Asset-backed securities (Due within 1 year)	12,802	1	(1)	12,802
	$41,980	$ 11	$ (4)	$41,987
December 31, 2013:				
Corporate debt securities (Due within 1 year)	$52,156	$ 4	$ (4)	$52,156
Municipal bonds (Due within 1 year)	7,519	—	—	7,519
Asset-backed securities (Due within 1 year)	8,007	—	(2)	8,005
	$67,682	$ 4	$ (6)	$67,680

The aggregate fair value of securities in an unrealized loss position for less than 12 months at March 31, 2014 was $22.3 million, representing twelve securities. There were no securities that were in an unrealized loss position for greater than 12 months at March 31, 2014. The unrealized loss was caused by a temporary change in the market for those securities primarily caused by changes in market interest rates. There was no change in the credit risk of the securities. To determine whether an other-than-temporary impairment exists, the Company performs an analysis to assess whether it intends to sell, or whether it would more likely than not be required to sell, the security before the expected recovery of the amortized cost basis. Where the Company intends to sell a security, or may be required to do so, the security's decline in fair value is deemed to be other-than-temporary and the full amount of the unrealized loss is recorded in the statement of operations as an other-than-temporary impairment charge. When this is not the case, the Company performs additional analyses on all securities with unrealized losses to evaluate losses associated with the creditworthiness of the security. Credit losses are identified where the Company does not expect to receive cash flows, based on using a single best estimate, sufficient to recover the amortized cost basis of a security and these are recognized in other income (expense), net. The Company does not believe an other-than-temporary impairment exists with respect to those securities in an unrealized loss position at March 31, 2014.

Marketable securities in an unrealized loss position at March 31, 2014 and December 31, 2013 consist of the following:

	Aggregate Fair Value	Unrealized Losses
	(in thousands)	
March 31, 2014:		
Corporate debt securities	$11,034	$ (3)
Asset-backed securities	11,300	(1)
	$22,334	$ (4)
December 31, 2013:		
Corporate debt securities	$30,106	$ (4)
Government agency securities	7,519	—
Asset-backed securities	8,005	(2)
	$45,630	$ (6)

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk primarily consist of cash, cash equivalents and available-for-sale marketable securities. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits.

Management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

The Company's credit risk related to marketable securities is reduced as a result of the Company's policy to limit the amount invested in any one issue.

Fair Value Measurements

The Company records cash equivalents and marketable securities at fair value. The accounting standards for fair value measurements establish a hierarchy that distinguishes between fair value measurements based on market data (observable inputs) and those based on the Company's own assumptions (unobservable inputs). The hierarchy consists of three levels:

- Level 1—Quoted market prices in active markets for identical assets or liabilities. Assets that are valued utilizing only Level 1 inputs include money market funds.
- Level 2—Inputs other than Level 1 inputs that are either directly or indirectly observable, such as quoted market prices, interest rates and yield curves. Assets that are valued utilizing Level 2 inputs include U.S. government agency securities, asset-backed securities, and corporate bonds, including commercial paper. These investments have been initially valued at the transaction price and are subsequently valued, at the end of each reporting period, utilizing third party pricing services or other observable market data. The pricing services utilize industry standard valuation models, including both income and market based approaches and observable market inputs to determine value. These observable market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates, and other industry and economic events. The Company validates the prices provided by third party pricing services by reviewing their pricing methods and matrices, obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming that the relevant markets are active. After completing its validation procedures, the Company did not adjust or override any fair value measurements provided by pricing services as of March 31, 2014 or December 31, 2013.
- Level 3—Unobservable inputs developed using estimates and assumptions developed by the Company, which reflect those that a market participant would use. The Company made one nonrecurring fair value measurement associated with a lease exit liability. The Company currently has no assets or liabilities measured at fair value on a recurring basis that utilize Level 3 inputs.

The following tables summarize the cash equivalents and marketable securities measured at fair value on a recurring basis in the accompanying consolidated balance sheets as of March 31, 2014 and December 31, 2013.

	Fair Value Measurements of Cash Equivalents and Marketable Securities as of March 31, 2014			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents	$ 34,266	$ 4,829	$ —	$ 39,095
Marketable securities	—	41,987	—	41,987
	$ 34,266	$ 46,816	$ —	$ 81,082

	Fair Value Measurements of Cash Equivalents and Marketable Securities as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Cash equivalents	$ 29,865	$ 15,958	$ —	$ 45,823
Marketable securities	—	67,680	—	67,680
	$ 29,865	$ 83,638	$ —	$ 113,503

The Company recorded a liability totaling $6.0 million associated with the exit of a portion of its leased facilities. The Company measured the fair value of the liability based on the present value of the remaining lease payments less the amount of sublease income the Company estimates it could reasonably obtain. The Company estimated its future rental and operating expense payment obligations using the terms of its lease agreement and its historical share of the building's expenses, adjusting for the effects of inflation. The estimated sublease income to be received is based upon market rates for comparable spaces in the Cambridge area. The net cash outflows over the remaining life of the lease were discounted using a credit-risk adjusted risk-free rate. The Company has classified this lease liability as a Level 3 fair value measurement.

The fair value of the Company's loans payable at March 31, 2014, computed pursuant to a discounted cash flow technique using the effective interest rate under the loan, is $17.8 million and is considered a Level 2 fair value measurement. The effective interest rate considers the fair value of the warrant issued in connection with the loan, loan issuance costs and the deferred charge.

Tenant Improvement Allowance Receivable

The Company is entitled to be reimbursed by the Company's landlord for certain expenditures associated with improvements made to its leased facility at 650 E. Kendall Street in Cambridge, Massachusetts. These receivables are recorded in the period that the improvements are made and the reimbursement is earned.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repair costs are charged to expense as incurred.

Long-lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. The Company recognized $2.5 million of impairment losses for the three months ended March 31, 2014 related to leasehold improvements (refer to Footnote 9). During the year ended December 31, 2013, the Company recognized $0.1 million of impairment losses.

Basic and Diluted Loss per Common Share

Basic (loss) earnings per share is computed by dividing net (loss) income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted (loss) earnings per share is computed by dividing net (loss) income available to common stockholders by the weighted-average number of common shares and dilutive common share equivalents then outstanding. Potential common share equivalents consist of restricted stock awards and the incremental common shares issuable upon the exercise of stock options and warrants. Since the Company had a net loss for all periods presented, the effect of all potentially dilutive securities is anti-dilutive. Accordingly, basic and diluted net loss per common share is the same. Under the treasury stock method, unexercised "in-the-money" stock options are assumed to be exercised at the beginning of the period or at issuance, if later. The assumed proceeds are then used to purchase common shares at the average market price during the period. Stock-based payment awards that entitle their holders to receive non-forfeitable dividends before vesting are considered participating securities and are included in the calculation of basic and diluted earnings per share. Common share equivalents have not been included in the net loss per share computation for the three months ended March 31, 2014 and March 31, 2013 because their effect is anti-dilutive.

The following table sets forth for the periods presented the potential common shares (prior to consideration of the treasury stock method) excluded from the calculation of net loss per common share because their inclusion would have been anti-dilutive:

	Three Months Ended March 31,	
	2014	2013
	(in thousands)	
Options outstanding	4,163	5,393
Warrants outstanding	—	10
	4,163	5,403

Stock-Based Compensation

Under the Company's stock-based compensation programs, the Company periodically grants stock options and restricted stock to employees, directors and nonemployee consultants. The Company also issues shares under an employee stock purchase plan. The fair value of all awards is recognized in the Company's statements of operations over the requisite service period for each award. Awards that vest as the recipient provides service are expensed on a straight-line basis over the requisite service period. Other awards, such as performance-based awards that vest upon the achievement of specified goals, are expensed using the accelerated attribution method if achievement of the specified goals is considered probable.

The fair value of equity-classified awards to employees and directors are measured at fair value on the date the awards are granted. Awards to nonemployee consultants are recorded at their fair values and re-measured fair value as of each balance sheet date until the recipient's services are complete. During the three months ended March 31, 2014 and March 31, 2013, the Company recorded the following stock-based compensation expense:

	Three Months Ended March 31,	
	2014	2013
	(in thousands)	
Research and development	$ 318	$ 1,114
General and administrative	400	1,474
Total stock-based compensation expense	$ 718	$ 2,588

Stock-based compensation expense is allocated to research and development and general and administrative expense based upon the department of the employee to whom each award was granted. No related tax benefits of the stock-based compensation expense have been recognized.

Income Taxes

The Company provides for income taxes using the asset-liability method. Under this method, deferred tax assets and liabilities are recognized based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Uncertain tax positions are recognized if the position is more-likely-than-not to be sustained upon examination by a tax authority. Unrecognized tax benefits represent tax positions for which reserves have been established.

Segment and Geographic Information

Operating segments are defined as components of an enterprise engaging in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one operating segment principally in the United States. The Company has $1.0 million of net assets located in the United Kingdom.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

For a discussion of recent accounting pronouncements adopted by the Company, please refer to Note 2, "Significant Accounting Policies," included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on March 13, 2014. The Company did not adopt any new accounting pronouncements during the three months ended March 31, 2014 that had a material effect on the Company's condensed consolidated financial statements.

Reclassifications

The Company has reclassified the tenant improvement allowance receivable from prepaid expenses and other current assets on the consolidated balance sheets to a separate financial statement line to conform to the current period presentation.

Subsequent Events

The Company has evaluated all events or transactions that occurred after March 31, 2014 through the date the Company issued these financial statements.

(4) Collaborations and License Agreements

Astellas Pharma

In February 2011, the Company, together with its wholly-owned subsidiary AVEO Pharma Limited, entered into a Collaboration and License Agreement with Astellas (the "Astellas Agreement"), pursuant to which the Company and Astellas intended to develop and commercialize tivozanib for the treatment of a broad range of cancers. Under the terms of the Astellas Agreement, the Company and Astellas shared responsibility for continued development and commercialization of tivozanib in North America and in Europe under a joint development plan and a joint commercialization plan, respectively. Throughout the rest of the world (the "Royalty Territory"), excluding Asia, where Kyowa Hakko Kirin ("KHK") has retained all development and commercialization rights, Astellas has an exclusive, royalty-bearing license to develop and commercialize tivozanib. The terms of the Astellas Agreement are subject to the Company's obligations to KHK under a license agreement entered into with KHK in 2006 pursuant to which the Company acquired exclusive rights to develop and commercialize tivozanib worldwide outside of Asia.

In June 2013, the Company received a complete response letter from the FDA informing the Company that the FDA will not approve in its present form the Company's NDA for tivozanib for the treatment of patients with advanced renal cell carcinoma, or RCC. In January 2014, AVEO and Astellas jointly decided to discontinue a Phase 2 breast cancer clinical trial due to insufficient enrollment. Further, Astellas elected in February 2014 to terminate the Astellas Agreement as a result of the limited scope of development for tivozanib moving forward. This termination will be effective in August 2014, at which time the tivozanib rights will be returned to the Company. In accordance with the Astellas Agreement, committed development costs, including the costs of winding down discontinued tivozanib clinical development programs, will be shared equally. There are no refund provisions in the Astellas Agreement.

Under the Astellas Agreement, the Company received an initial cash payment of $125.0 million, comprised of a $75.0 million license fee and $50.0 million in research and development funding. The Company retained net proceeds of approximately $97.6 million of the initial cash payment from Astellas, after payments to KHK and strategic, legal and financial advisors. In December 2012, the Company received a $15.0 million milestone payment from Astellas in connection with the acceptance by the FDA of the NDA filing for tivozanib. The milestone was considered substantive and revenue was recognized upon achievement of the milestone.

The Company is accounting for the joint development and commercialization activities in North America and Europe as a joint risk-sharing collaboration in accordance with ASC 808, *Collaborative Arrangements*. In addition, these activities were not deemed to be separate deliverables under the Astellas Agreement.

Payments from Astellas with respect to Astellas' share of tivozanib development and commercialization costs incurred by the Company pursuant to the joint development plan are recorded as a reduction to research and development expense and general and administrative expense in the accompanying consolidated financial statements due to the joint risk-sharing nature of the activities in North America and Europe. As a result of the cost-sharing provisions in the Astellas Agreement, the Company reduced research and development expense by $1.2 million and $6.3 million during the three months ended March 31, 2014 and 2013, respectively. The Company also reduced general and administrative expense by $0.1 million and $1.3 million during the three months ended March 31, 2014 and 2013, respectively, as a result of the cost-sharing provisions in the Astellas Agreement. The net amount due to the Company from Astellas pursuant to the cost-sharing provisions was $1.3 million at March 31, 2014.

Activities under the Astellas Agreement outside of the joint development and commercialization activities in North America and Europe, including the co-exclusive license to develop and commercialize tivozanib in North America and Europe that was delivered prior to the initiation of the collaborative activities in North America and Europe, were evaluated under ASC 605-25, *Revenue Recognition—Multiple Element Arrangements* ("ASC 605-25") (as amended by ASU 2009-13, *Revenue Recognition* ("ASU 2009-13")) to determine if they represented a multiple element revenue arrangement. The Astellas Agreement includes the following deliverables: (1) a co-exclusive license to develop and commercialize tivozanib in North America and Europe (the "License Deliverable"); (2) a combined deliverable comprised of an exclusive royalty-bearing license to develop and commercialize tivozanib in the Royalty Territory and the Company's obligation to provide access to clinical and regulatory information resulting from the activities in North America and Europe to Astellas for its development and commercialization of tivozanib in the Royalty Territory (the "Royalty Territory Deliverable"); and (3) the Company's obligation to supply clinical material to Astellas for development of tivozanib in the Royalty Territory (the "Clinical Material Deliverable"). All of these deliverables were deemed to have stand-alone value and to meet the criteria to be accounted for as separate units of accounting under ASC 605-25. Factors considered in this determination included, among other things, the subject of the licenses and the research and development and commercial capabilities of Astellas.

The Company allocated the up-front consideration of $125.0 million to the deliverables based on management's best estimate of selling price of each deliverable using the relative selling price method as the Company did not have VSOE or TPE of selling price for such deliverables. The Company's best estimate of selling price considered discounted cash flow models, the key assumptions of which included the market opportunity for commercialization of tivozanib in North America and Europe and the Royalty Territory, the probability of successfully developing and commercializing tivozanib, the remaining development costs for tivozanib, and the estimated time to commercialization of tivozanib. The Company allocated up-front consideration of $120.2 million to the License Deliverable and up-front consideration of $4.8 million to the Royalty Territory Deliverable. The relative selling price of the Company's obligation under the Clinical Material Deliverable had *de minimis* value.

The Company recorded the $120.2 million relative selling price of the License Deliverable as collaboration revenue during the three months ended March 31, 2011 upon delivery of the license, and deferred approximately $4.8 million of revenue representing the relative selling price of the Royalty Territory Deliverable. The Company was recording the $4.8 million of revenue attributed to the Royalty Territory Deliverable ratably over the Company's period of performance through April 2022, the remaining patent life of tivozanib. Upon being notified that the collaboration would be terminated effective August 2014, the Company reassessed the period of performance associated with the Royalty Territory Deliverable and accelerated the recognition of the remaining deferred revenue such that the balance would be recognized through August 2014. This change in estimate resulted in the recognition of an additional $0.9 million during the three months ended March 31, 2014. The Company recorded approximately $1.0 million and $0.1 million of revenue associated with the Royalty Territory Deliverable during the three month periods ended March 31, 2014 and 2013, respectively.

Under the agreement, the Company received cash payments related to up-front license fees, reimbursable payments and milestone payments of $1.0 million and $18.6 million during the three months ended March 31, 2014 and 2013, respectively.

Biogen Idec International GmbH

In March 2009, the Company entered into an exclusive option and license agreement with Biogen Idec International GmbH, a subsidiary of Biogen Idec Inc., (collectively "Biogen Idec") regarding the development and commercialization of the Company's discovery-stage ErbB3-targeted antibodies for the potential treatment and diagnosis of cancer and other diseases outside of North America. Under the agreement, the Company is responsible for developing ErbB3 antibodies through completion of the first phase 2 clinical trial designed in a manner that, if successful, will generate data sufficient to support advancement to a phase 3 clinical trial.

In March 2014, the Company and Biogen Idec amended the exclusive option and license agreement (the "Amendment"). Pursuant to the Amendment, Biogen agreed to the termination of its rights and obligations under the agreement, including Biogen's option to (i) obtain a co-exclusive (with AVEO) worldwide license to develop and manufacture ErbB3 targeted antibodies and (ii) obtain exclusive commercialization rights to ErbB3 products in countries in the world other than North America. As a result, AVEO has worldwide rights to AV-203. Pursuant to the Amendment, AVEO is obligated to use reasonable efforts to seek a collaboration partner for the purpose of funding further development and commercialization of ErbB3 targeted antibodies. AVEO is also obligated to pay Biogen a percentage of milestone payments received by AVEO from future partnerships after March 28, 2016 and single digit royalty payments on net sales related to the sale of ErbB3 products, if any, up to cumulative maximum amount of $50 million.

The deliverables under the original arrangement included an option for a co-exclusive, worldwide license to develop and manufacture ErbB3 antibody products and an option for an exclusive license to commercialize ErbB3 antibody products in all countries in the world other than North America. The Company determined that these deliverables did not have standalone value due to the fact that the program was still in preclinical development and required the Company's experience to advance development of the product candidates. As such, the Company determined that the original agreement should be accounted for as one unit of accounting.

Biogen Idec paid the Company an up-front cash payment of $5.0 million in March 2009, which was being amortized over the Company's period of substantial involvement, defined as the patent life of the development candidate. In addition, Biogen Idec purchased 7,500,000 shares of Series E Convertible Preferred Stock at a per share price of $4.00, resulting in gross proceeds to the Company of $30.0 million. In connection with the initial public offering consummated by the Company in March 2010 and the related 1:4 reverse stock split of the common stock, each four shares of outstanding Series E Convertible Preferred Stock were converted into one share of common stock. The Company determined that the per share price of $4.00 paid by Biogen Idec included a premium of $1.09 per share over the fair value of the Series E Convertible Preferred Stock of $2.91 as calculated by the Company in its retrospective stock valuation. Accordingly, the Company is recognizing the premium of $8.2 million as revenue on a straight-line basis over the period of substantial involvement. The Company earned a $5.0 million milestone payment for achievement of the first pre-clinical discovery milestone under the agreement in June 2009 which was not considered at risk and was therefore deferred and is being recognized over the period of substantial involvement. The Company earned a second $5.0 million milestone payment upon selection of a development candidate in March 2010. This milestone was considered substantive and was included in revenue for the quarter ended March 31, 2010. The Company earned a third $5.0 million milestone payment based on achieving the Good Laboratory Practices toxicology initiation milestone in June 2011. This milestone was considered substantive and was included in revenue for the quarter ended June 30, 2011. The Company did not earn any milestones under the Biogen arrangement during the three months ended March 31, 2014 or 2013.

The Company concluded that the Amendment materially modified the terms of the agreement and, as a result, required application of the guidance included in FASB Accounting Standards Codification section 605-25, *Multiple-Element Arrangements*. Based upon the terms of the Amendment, the remaining deliverables included the Company's obligation to seek a collaboration partner to fund further development of the program and the Company's obligation to continue development and commercialization of the licensed products if a collaboration partner is secured ("Development Deliverable"). The Company concluded that its obligation to use best efforts to seek a collaboration partner does not have standalone value from the Development Deliverable upon delivery and thus the deliverables should be treated as a single unit of accounting.

Upon modifying the arrangement, the Company had $14.7 million of deferred revenue remaining to be amortized. The Company is not entitled to receive any further consideration from Biogen Idec under the amended arrangement. The Company allocated a portion of the remaining deferred revenue to the undelivered unit of accounting based upon the Company's best estimate of the selling price, as the Company determined that neither VSOE or TPE were available. The Company determined the best estimate of selling price to be approximately $0.6 million and recognized the remaining $14.1 million as collaboration revenue in the three

months ended March 31, 2014. The deferred revenue associated with the undelivered unit of accounting is being recognized on a straight-line basis over the expected period of performance, or through December 2015 based upon the Company's historical experience with marketing its product candidates to potential partners.

The best estimate of selling price was based upon a cost approach pursuant to which the Company estimated the costs expected to be incurred in executing a partnership agreement and then applied a reasonable markup. The Company estimated future cash outflows for several possible outcomes, including the execution of a partnership at different times within a reasonable range and partnerships of differing complexity. The Company estimated its cash outflows for each scenario based upon the expected costs associated with the relevant employees and the expected level of effort to be expended to seek and execute a partnership. The Company's analysis also considered the legal charges that it anticipates it will incur. Changes to the Company's assumptions within the reasonable range of possible values would not have a material impact on the amounts recorded in current or future periods.

Under the agreement, the Company recorded revenue of $14.3 million and $0.2 million for the three months ended March 31, 2014 and 2013, respectively.

Kirin Brewery

In December 2006, the Company entered into an exclusive license agreement, with the right to grant sublicenses, subject to certain restrictions, with Kirin Brewery Co. Ltd. (now Kyowa Hakko Kirin) ("KHK") to research, develop, manufacture and commercialize tivozanib, pharmaceutical compositions thereof and associated biomarkers in all territories in the world except for Asia (the "KHK Agreement"). Upon entering into the KHK Agreement, the Company made a cash payment in the amount of $5.0 million.

In March 2010, the Company made a $10.0 million milestone payment to KHK in connection with the dosing of the first patient in the Company's phase 3 clinical trial of tivozanib. The Company recorded $22.5 million of research and development expense during the year ended December 31, 2011 associated with a payment made to KHK related to the up-front license payment received under the Astellas Agreement. In December 2012, the Company made a $12.0 million milestone payment to KHK in connection with the acceptance by the FDA of the Company's NDA filing for tivozanib, all of which was expensed as research and development expense during the year ended December 31, 2012. In connection with this payment, $6.0 million was reimbursed from Astellas and recorded as a reduction of research and development expense.

Under the KHK Agreement, the Company may be required to (i) make future milestone payments upon the achievement of specified regulatory milestones and (ii) pay tiered royalty payments on net sales it makes of tivozanib in its territory ranging from the low to mid-teens as a percentage of the Company's net sales of tivozanib. In the event the Company sublicenses the rights licensed to the Company under the KHK Agreement (after the termination of the agreement with Astellas in August 2014), the Company is required to pay KHK a specified percentage of any amounts the Company receives from any third party sublicensees, other than amounts the Company receives in respect of research and development funding or equity investments, subject to certain limitations.

St. Vincent's Hospital

In July 2012, the Company entered into a license agreement with St. Vincent's Hospital Sydney Limited ("St. Vincent's"), under which the Company obtained an exclusive, worldwide license to research, develop, manufacture and commercialize products for human therapeutic, preventative and palliative applications that benefit from inhibition or decreased expression or activity of MIC-1, which is also referred to as GDF-15. The Company believes GDF-15 is a novel target for cachexia and the Company is exploiting this license in its AV-380 program for cachexia. Under the agreement, the Company has the right to grant sublicenses subject to certain restrictions. The Company has a right of first negotiation to obtain an exclusive license to certain improvements that St. Vincent's or third parties may make to licensed therapeutic products. Under the license agreement, St. Vincent's also granted the Company non-exclusive rights for certain related diagnostic products and research tools.

Under the license agreement, the Company is obligated to use diligent efforts to conduct research and clinical development and commercially launch at least one licensed therapeutic product, and to maximize profits from licensed therapeutic products for the benefit of the Company and St. Vincent's. Subject to certain conditions, the Company has also agreed to achieve specified research, development and regulatory milestones by specified dates. If the Company does not achieve a given milestone by the agreed date, the Company has the option of paying the amount the Company would have been obligated to pay had the Company timely achieved the milestone, and, if the Company does so, St. Vincent's will not have the right to terminate the license agreement based on its failure to timely achieve such milestone.

The Company has also agreed that, for as long as there is a valid claim in the licensed patents, the Company will not, and the Company will ensure that its affiliates and its sublicensees do not, develop or commercialize any product, other than a licensed therapeutic product, for the treatment, prevention or prophylaxis of cachexia, decreased appetite or body weight, that binds to GDF-15 or the GDF-15 receptor and that is a GDF-15 antagonist, and will not license or induce any other person to do the same.

In connection with entering into the license agreement with St. Vincent's, the Company paid St. Vincent's an upfront license fee of $0.7 million and a low five-figure amount to reimburse St. Vincent's for patent-related expenses it incurred with respect to a specified licensed patent.

Under the Company's license agreement with St. Vincent's, the Company may be required to:

- make milestone payments, up to an aggregate total of $9.2 million, upon achievement of specified research, development and regulatory milestones for the first three indications for licensed therapeutic products, some of which payments may be increased by a mid to high double-digit percentage rate for milestones payments made after the Company grants any sublicense under the license agreement, depending on the sublicensed territory or territories;
- pay tiered royalty payments equal to a low-single-digit percentage of any net sales the Company or its sublicensees make of licensed therapeutic products. The royalty rate escalates within the low-single-digit range during each calendar year based on increasing licensed therapeutic product sales during such calendar year. The Company's royalty payment obligations for a licensed therapeutic product in a particular country end on the later of 10 years after the date of first commercial sale of such licensed therapeutic product in such country or expiration of the last-to-expire valid claim of the licensed patents covering such licensed therapeutic product in such country, and are subject to offsets under certain circumstances;
- pay St. Vincent's sublicensing fees of up to an aggregate amount in the low-to-mid six-digits, depending on the sublicensed territory or territories, at the time the Company grants any sublicense; and
- reimburse St. Vincent's for some or all of the reasonable costs and expenses it incurs in patent management, filing, prosecuting and maintaining the licensed patents.

The license agreement will remain in effect until the later of 10 years after the date of first commercial sale of licensed therapeutic products in the last country in which a commercial sale is made, or expiration of the last-to-expire valid claim of the licensed patents, unless the Company elects, or St. Vincent's elects, to terminate the license agreement earlier.

Either party has the right to terminate the agreement in connection with a material breach of the agreement by the other party that remains uncured for a specified cure period, or in connection with events relating to the other party's insolvency or bankruptcy, or if a force majeure event continues for more than four months.

St. Vincent's has the right to terminate the agreement due to any patent-related challenge by the Company, its affiliates or any sublicensee, or if the Company or its affiliates or any sublicensee cause or induce any other person to make a patent-related challenge, and such challenge continues after a specified cure period.

The Company has the right to terminate the agreement on six months' notice if the Company terminates its GDF-15 research and development programs as a result of the failure of a licensed therapeutic product in pre-clinical or clinical development, or if the Company forms the reasonable view that further GDF-15 research and development is not commercially viable, and the Company is not then in breach of any of its obligations under the agreement. If the Company forms the reasonable view that further GDF-15 research and development is not commercially viable and terminate the agreement before the Company starts a phase 1 clinical trial on a licensed therapeutic product, the Company will be required to pay St. Vincent's a low-to-mid six-figure termination payment.

The Company may also terminate the agreement on 60 days' notice if certain licensed patents become invalid or unenforceable prior to July 2014, the Company is not in breach of any of the Company's obligations under the agreement, and the Company, its affiliates and sublicensees have not made a patent-related challenge.

Any termination of the agreement, in whole or in part, will result in a loss of the Company's rights to the relevant licensed patents and know-how. If St. Vincent's terminates the agreement in its entirety due to the Company's breach, insolvency or a patent-related challenge, or the Company terminates the agreement due to a development failure or lack of commercial viability, as described above, St. Vincent's will have a non-exclusive license from the Company to certain intellectual property rights and know-how relating to the licensed therapeutic products, and the Company must transfer to St. Vincent's certain then-existing regulatory approvals and related documents for the licensed therapeutic products.

(5) Accrued Expenses

Accrued expenses consisted of the following as of March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
	(in thousands)	
Clinical expenses	$ 3,729	$ 5,319
Facility lease exit	2,499	—
Salaries and benefits	2,047	2,027
Property and equipment	946	1,905
Professional fees	804	811
Manufacturing and distribution	715	1,362
Restructuring	207	587
Other	1,404	1,252
	$12,351	$ 13,263

(6) Loans Payable

On May 28, 2010, the Company entered into a loan and security agreement (the "Loan Agreement") with Hercules Technology II, L.P. and Hercules Technology III, L.P., affiliates of Hercules Technology Growth (collectively, "Hercules"), pursuant to which the Company received a loan in the aggregate principal amount of $25.0 million. The Company was initially required to repay the aggregate principal balance under the Loan Agreement in 30 equal monthly installments of principal starting on April 1, 2011. However, the Loan Agreement provided that such date would be extended under certain circumstances. During 2011, the Company triggered two possible extensions to the date from which principal payments were to be made and, as a result, the initial date for principal repayment was extended to January 1, 2012. On March 31, 2012, the Company entered into an amendment to the Loan Agreement, pursuant to which the Company increased the principal amount under the Loan Agreement to $26.5 million. Under the amendment to the Loan Agreement, the date on which the Company was required to begin repaying the aggregate principal balance was extended to April 1, 2013, at which point the Company began repaying such balance in 30 equal monthly installments. The Company accounted for this amendment as a loan modification in accordance with ASC 470-50, *Debt—Modifications and Extinguishments.*

Per annum interest is payable on the principal balance of the loan at the greater of 11.9% and an amount equal to 11.9% plus the prime rate of interest minus 4.75%, provided however, that the per annum interest shall not exceed 15.0%. The Company must make interest payments on the loan each month following the date of borrowing under the Loan Agreement. The unpaid principal balance and all accrued but unpaid interest will be due and payable on September 1, 2015. The loan is secured by a lien on all of the Company's personal property as of, or acquired after, the date of the Loan Agreement, except for intellectual property.

The Loan Agreement required a deferred charge of $1.3 million which was paid in May 2012 related to the amendment of the Loan Agreement. The Loan Agreement also includes an additional deferred charge of $1.2 million due in June 2014 which has been recorded as a loan discount and is being amortized to interest expense over the term of the Loan Agreement using the effective interest rate method. The Company recorded a long-term liability for the full amount of the charge since the payment of such amount is not contingent on any future event. The Company incurred approximately $0.2 million in loan issuance costs paid directly to the lenders under the Loan Agreement, which were offset against the loan proceeds and are accounted for as a loan discount. As part of the Loan Agreement, the Company issued warrants to the lenders on June 2, 2010 to purchase up to 156,641 shares of the Company's common stock at an exercise price equal to $7.98 per share. The Company recorded the relative fair value of the warrants of approximately $0.8 million as stockholders' equity and as a discount to the related loan outstanding and is amortizing the value of the discount to interest expense over the term of the loan using the effective interest method. The relative fair value of the warrants was calculated using the Black-Scholes option-pricing model with the following assumptions: volatility of 64.12%, an expected term equal to the contractual life of the warrant (seven years), a risk-free interest rate of 2.81% and no dividend yield. The resulting effective interest rate for the loans outstanding under the Loan Agreement is approximately 13.1%.

Hercules also received an option, subject to the Company's written consent, not to be unreasonably withheld, to purchase, either with cash or through conversion of outstanding principal under the loan, up to $2.0 million of equity of the Company sold in any sale by the Company to third parties of equity securities resulting in at least $10.0 million in net cash proceeds to the Company, subject to certain exceptions. The Company has evaluated the embedded conversion option, and has concluded that it does not need to be bifurcated and separately accounted for. No amount will be recognized for the conversion feature until such time as the conversion feature is exercised and it can be determined whether a beneficial conversion feature exists. As of March 31, 2014, the principal balance outstanding was $16.9 million.

The Loan Agreement defines events of default, including the occurrence of an event that results in a material adverse effect upon the Company's business operations, properties, assets or condition (financial or otherwise), its ability to perform its obligations under and in accordance with the terms of the Loan Agreement, or upon the ability of the lenders to enforce any of their rights or remedies with respect to such obligations, or upon the collateral under the Loan Agreement, the related liens or the priority thereof. As of March 31, 2014, the lenders have not asserted any events of default under the loan. While the Company does not believe that there has been a material adverse change, as defined in the Loan Agreement, it is possible that Hercules could take the position that the adverse outcome relating to the development and commercialization of tivozanib for RCC, including the FDA informing the Company that it would not approve the NDA for tivozanib for the treatment of patients with advanced RCC and the related shareholder litigation described below in footnote 10 —Legal Proceedings, and Astellas' decision to terminate its collaboration with the Company, collectively constitutes a material adverse change, and, accordingly, an event of default, which could trigger a repayment of all principal and interest due under the loan unless such event of default is waived by Hercules. The Company has classified the principal amount of the loan as current and non-current on its consolidated balance sheet based upon the expected timing of the remaining payments.

Future minimum payments under the loans payable outstanding as of March 31, 2014 are as follows (amounts in thousands):

Years Ending December 31:	
2014 (9 months remaining)	$ 10,469
2015	9,309
	19,778
Less amount representing interest	(1,669)
Less discount	(140)
Less deferred charges	(1,238)
Less current portion	(10,730)
Loans payable, net of current portion and discount	$ 6,001

(7) Stock-based Compensation

Stock Plans

The Company issued stock options and restricted stock awards during the three months ended March 31, 2014 and 2013.

A summary of the status of the Company's stock option activity at March 31, 2014 and changes during the three months then ended is presented in the table and narrative below:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2013	4,296,694	$ 7.36		
Granted	498,400	$ 1.77		
Exercised	—	—		
Forfeited	(631,874)	$ 8.11		
Outstanding at March 31, 2014	4,163,220	$ 6.57	6.78	$ 46,107
Vested or expected to vest at March 31, 2014	3,399,735	$ 7.26	6.22	$ 46,107
Exercisable at March 31, 2014	2,323,560	$ 8.36	4.95	$ 46,107

The fair value of each employee stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model using the assumptions noted in the following table:

	Three Months Ended March 31,	
	2014	2013
Volatility factor	73.53%	64.22%
Expected term (in years)	6.25	6.25
Risk-free interest rates	2.02%	1.01%
Dividend yield	—	—

The risk-free interest rate is determined based upon the United States Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the options being valued. The Company does not expect to pay dividends in the foreseeable future.

The Company does not have sufficient history to support a calculation of volatility and expected term using only its historical data. As such, the Company has used a weighted-average volatility considering the Company's own volatility since March 2010, and the volatilities of several peer companies. For purposes of identifying similar entities, the Company considered characteristics such as industry, length of trading history, similar vesting terms and in-the-money option status. Due to lack of available option activity data, the Company elected to use the "simplified" method for "plain vanilla" options to estimate the expected term of the stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term of the option. Additionally, the Company is required to include an estimate of the value of the awards that will be forfeited in calculating compensation costs, which the Company estimates based upon actual historical forfeitures. The forfeiture estimates are recognized over the requisite service period of the awards on a straight-line basis. Based upon these assumptions, the weighted-average grant date fair value of stock options granted to employees during the three months ended March 31, 2014 and 2013 was $1.17 and $4.58 per share, respectively.

As of March 31, 2014, there was $2.8 million of total unrecognized stock-based compensation expense related to stock options granted to employees under the Company's 2002 Stock Incentive Plan and 2010 Stock Incentive Plan (collectively, the "Plans"). The expense is expected to be recognized over a weighted-average period of 1.9 years. No options were exercised during the three months ended March 31, 2014. The intrinsic value of options exercised was $0.3 million for the three months ended March 31, 2013.

The restricted stock activity for the three months ended March 31, 2014 is as follows:

	Number of Shares	Weighted-Average Fair-Value
Unvested at December 31, 2013	241,500	$ 2.50
Granted	501,000	1.62
Cancelled	(64,720)	2.09
Expired	—	—
Vested/Released	(73,280)	2.50
Unvested at March 31, 2014	604,500	$ 1.81

As of March 31, 2014, there was $0.3 million of total unrecognized stock-based compensation expense related to restricted stock awards granted under the plans. The expense is expected to be recognized over a weighted-average period of 1.7 years.

(8) Strategic Restructuring

In connection with the receipt of a Complete Response Letter from the FDA informing the Company that the FDA would not approve the Company's NDA for tivozanib for the treatment of patients with advanced RCC, the Company announced a strategic restructuring in June 2013 to refocus the Company's efforts on the then on-going clinical development of tivozanib in colorectal and breast cancer and on the advancement of key pipeline and preclinical assets. As part of this restructuring, the Company decided not to pursue the development of tivozanib in RCC. This restructuring was completed as of December 31, 2013 and resulted in costs totaling $8.0 million, which includes impairment charges of $0.3 million.

The following table summarizes the components of the Company's restructuring activity recorded in operating expenses and in current liabilities:

	Restructuring amounts accrued at December 31, 2013	Restructuring expense incurred during the three months ended March 31, 2014	Restructuring amounts paid during the three months ended March 31, 2014	Restructuring amounts accrued at March 31, 2014
		(in thousands)		
Employee severance, benefits and related costs.	$ 587	—	$ (380)	$ 207
Total	587	—	(380)	207

All remaining accrued amounts are current and are reflected within accrued expenses on the consolidated balance sheet.

(9) Facility Lease Exit

During the three months ending March 31, 2014, the Company completed the planned build-out of a portion of the office space it currently leases at its 650 E. Kendall Street facility. Upon completion of the build-out, the Company ceased use of the space and recorded a $6.0 million liability accordingly. The fair value of the liability was determined using the credit-adjusted risk-free rate to discount the estimated future net cash outflows associated with the space that met the cease use criteria. The estimate of future net cash outflows included the Company's expected minimum rental payments and incremental operating, utility and tax payments to the landlord less the amount of sublease income that the Company estimates it could reasonably expect to obtain during the remainder of the lease period.

The following table summarizes the components of the Company's lease exit activity recorded in current and long-term liabilities:

	Expense incurred during the three months ended March 31, 2014	Amounts paid during the three months ended March 31, 2014	Amounts accrued at March 31, 2014
		(in thousands)	
Lease exit costs.	$ 5,991	—	$ 5,991
Total	5,991	—	5,991

The total expense associated with recording the fair value of the lease exit liability of $6.0 million for the three months ending March 31, 2014 has been recorded within Restructuring and Lease Exit expense on the Condensed Consolidated Statements of Operations. The Company wrote-off $4.6 million of deferred rent and $2.5 million of leasehold improvements associated with the portion of the facility that met the cease use criteria under ASC 420-10, resulting in a net charge of $3.9 million being recorded during the quarter ended March 31, 2014. Approximately $2.5 million of the amounts are reflected within accrued expenses on the consolidated balance sheet and the remaining $3.5 million has been recorded within other noncurrent liabilities on the consolidated balance sheet.

(10) Legal Proceedings

Two class action lawsuits have been filed against the Company and certain present and former officers and members of the Company's board of directors, (Tuan Ha-Ngoc, David N. Johnston, William Slichenmyer and Ronald DePinho), in the United States District Court for the District of Massachusetts, one captioned Paul Sanders v. Aveo Pharmaceuticals, Inc., et al., No. 1:13-cv-11157-JLT, filed on May 9, 2013, and the other captioned Christine Krause v. AVEO Pharmaceuticals, Inc., et al., No. 1:13-cv-11320-JLT, filed on May 31, 2013. On December 4, 2013, the District Court consolidated the complaints as In re AVEO Pharmaceuticals, Inc. Securities Litigation et al., No. 1:13-cv-11157-DJC, and an amended complaint was filed on February 3, 2014. The amended complaint purports to be brought on behalf of shareholders who purchased the Company's common stock between January 3, 2012 and May 1, 2013. The amended complaint generally alleges that the Company and certain of its present and former officers and directors violated Sections 10(b) and/or 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making allegedly false and/or misleading statements concerning the phase 3 trial design and results for our TIVO-1 study in an effort to lead investors to believe that the drug would receive approval from the FDA. The amended complaint seeks unspecified damages, interest, attorneys' fees, and other costs. On April 4, 2014, the Company filed a motion to dismiss the consolidated class action complaint with prejudice. The Company denies any allegations of wrongdoing and intends to vigorously defend against this lawsuit. However, there is no assurance that the Company will be successful in our defense or that insurance will be available or adequate to fund any settlement or judgment or the litigation costs of the action. Moreover, the Company is unable to predict the outcome or reasonably estimate a range of possible loss at this time.

On July 3, 2013, the Company received a subpoena from the SEC, requesting documents and information concerning tivozanib, including related communications with the FDA, investors and others. The Company is fully cooperating with the SEC regarding this fact-finding inquiry. The SEC has informed the Company that this inquiry should not be construed as an indication that any violations of law have occurred or that the SEC has any negative opinion of any person, entity or security.

See Note 11 below for information regarding additional legal proceedings.

(11) Subsequent Events

Biodesix

In April 2014, the Company entered into a worldwide agreement with Biodesix to develop and commercialize its hepatocyte growth factor ("HGF") inhibitory antibody ficlatuzumab, with Biodesix's proprietary companion diagnostic test, VeriStrat®, a serum protein test that is commercially available to help physicians guide treatment decisions for patients with advanced non-small cell lung cancer ("NSCLC").

Under the agreement, the Company granted Biodesix perpetual, non-exclusive rights to certain intellectual property, including all clinical and biomarker data related to ficlatuzumab, to develop and commercialize VeriStrat. Biodesix granted the Company perpetual, non-exclusive rights to certain intellectual property, including diagnostic data related to VeriStrat, with respect to the development and commercialization of ficlatuzumab; each license includes the right to sublicense, subject to certain exceptions. Pursuant to a joint development plan to be agreed upon by a joint steering committee, the Company retains primary responsibility for clinical development of ficlatuzumab in a proof of concept ("POC") clinical study of ficlatuzumab for NSCLC, in which VeriStrat will be used to select clinical trial subjects, referred to as NSCLC POC Trial. The NSCLC POC Trial will be fully funded by Biodesix up to a maximum of $15 million, referred to as the "Cap". After the Cap is reached, the Company and Biodesix will share equally in the costs of the NSCLC trial, and the Company and Biodesix will each be responsible for 50% of development and regulatory costs associated with all future clinical trials agreed-upon by Biodesix and the Company, including all milestone payments and royalties payable to third parties, if any.

Pending marketing approval of ficlatuzumab and subject to a commercialization agreement to be entered into after receipt of results from the NSCLC POC Trial, each party will share equally in commercialization profits and losses, subject to the Company's right to be the lead commercialization party and to book worldwide sales of ficlatuzumab.

Biodesix is solely responsible for the VeriStrat development costs, as well as VeriStrat sales and marketing costs. Following the approval of the VeriStrat test as a companion diagnostic for ficlatuzumab, Biodesix will make the VeriStrat test available and use commercially reasonable efforts to seek reimbursement in all geographies where ficlatuzumab is approved. The Company will reimburse Biodesix a pre-specified amount, under certain circumstances for VeriStrat tests performed.

Prior to the first commercial sale of ficlatuzumab and after the earlier of (i) the Cap being reached or (ii) the completion of the NSCLC POC Trial, each party has the right to elect to discontinue participating in further development or commercialization efforts with respect to ficlatuzumab, which is referred to as an "Opt-Out". If either AVEO or Biodesix elects to Opt-Out, referred to as the "Opting -Out Party", then the Opting-Out Party shall not be responsible for any future costs associated in developing and commercializing ficlatuzumab other than any ongoing clinical studies. After election of an Opt-Out, the non-opting out party shall have sole decision-making authority with respect to further development and commercialization of ficlatuzumab. Additionally, the Opting-Out Party shall be entitled to receive, if ficlatuzumab is successfully developed and commercialized, a royalty equal to 10% of net sales of ficlatuzumab throughout the world, if any, subject to offsets under certain circumstances.

If Biodesix elects to Opt-Out, it will continue to be responsible for its development and commercialization obligations with respect to VeriStrat. If AVEO elects to Opt-Out, it will continue to make the existing supply of ficlatuzumab available to Biodesix for the purposes of enabling Biodesix to complete the development of ficlatuzumab, and Biodesix will have the right to commercialize ficlatuzumab.

Prior to any Opt-Out, the parties shall share equally in any payments received from a third party licensee; provided, however, after any Opt-Out, the Opting-Out Party shall be entitled to receive only a reduced portion of such third party payments. The agreement will remain in effect until the expiration of all payment obligations between the parties related to development and commercialization of ficlatuzumab, unless earlier terminated.

The Company is in the process of evaluating the accounting treatment for the arrangement.

Legal Matters

On April 4, 2014, Karen J. van Ingen, a purported purchaser of AVEO stock, filed a derivative complaint allegedly on behalf of AVEO in the United States District Court for the District of Massachusetts, Civil Action No. 1:14-cv-11672-DJC, naming AVEO, as a nominal defendant and also naming as defendants present and former members of the Company's board of directors, including Tuan Ha-Ngoc, Henri A. Termeer, Kenneth M. Bate, Anthony B. Evnin, Robert Epstein, Raju Kucherlapati, Robert C. Young, and Kenneth E. Weg. The complaint alleges breach of fiduciary duty and abuse of control between January 2012 and May 2013 with respect to allegedly misleading statements and omissions regarding tivozanib. The complaint seeks, among other relief, unspecified damages, costs and expenses, including attorneys' fees, an order requiring the Company to implement certain corporate governance reforms, restitution from the defendants and such other relief as the court might find just and proper. The Company denies any allegations of

wrongdoing and intends to vigorously defend this lawsuit. However, there is no assurance that the Company will be successful in its defense or that insurance will be available or adequate to fund any settlement or judgment or the litigation costs of this action. Moreover, the Company is unable to predict the outcome or reasonably estimate a range of possible loss at this time.

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

Forward-Looking Information

This report contains forward-looking statements regarding, among other things, our future discovery and development efforts, our collaborations, our future operating results and financial position, our business strategy, and other objectives for our operations. You can identify these forward-looking statements by their use of words such as "anticipate," "believe," "estimate," "expect," "forecast," "intend," "plan," "project," "target," "will" and other words and terms of similar meaning. You also can identify them by the fact that they do not relate strictly to historical or current facts. There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by forward-looking statements. These risks and uncertainties include those inherent in pharmaceutical research and development, such as adverse results in our drug discovery, preclinical trials and clinical development activities, our ability to obtain any necessary financing to conduct our planned activities, decisions made by the U.S. Food and Drug Administration and other regulatory authorities with respect to the development and commercialization of our drug candidates, our ability to obtain, maintain and enforce intellectual property rights for our drug candidates, our dependence on our existing and future strategic partners, and other risk factors. Please refer to the section entitled "Risk Factors" in Item 1A of Part II and elsewhere in this report for a description of these risks and uncertainties. Unless required by law, we do not undertake any obligation to publicly update any forward-looking statements.

Overview

We are a biopharmaceutical company committed to discovering and developing targeted therapies designed to provide substantial impact in the lives of people with cancer by addressing unmet medical needs. Our proprietary Human Response Platform™ provides us with unique insights into cancer and related disease biology and is being leveraged in the discovery and clinical development of its therapeutic candidates. Our lead programs are as follows:

- **Ficlatuzumab:** Ficlatuzumab is a hepatocyte growth factor, or HGF, inhibitory antibody. HGF is the sole known ligand of the c-Met receptor which is believed to trigger many activities that are involved in cancer development and metastasis. We have completed two phase 1 clinical studies and a phase 2 clinical study evaluating ficlatuzumab in combination with gefitinib in first line non-small cell lung cancer, or NSCLC. The phase 2 trial failed to demonstrate a statistically significant benefit in the intent- to-treat population. However, an exploratory analysis using a serum-based molecular diagnostic test, known as VeriStrat®, identified a sub-population of patients who did not respond well to epidermal growth factor receptor, or EGFR, tyrosine-kinase inhibitor, or TKI, therapy that experienced a progression free survival and overall survival benefit on the combination therapy in the phase 2 trial. In April 2014, we entered into a worldwide agreement with Biodesix, Inc. to develop and commercialize ficlatuzumab with VeriStrat®, which is commercially available to help physicians guide treatment decisions for patients with advanced NSCLC. Under the terms of the agreement, we will conduct a proof-of-concept study of ficlatuzumab in combination with vascular endothelial growth factor, or VEGF receptor, TKI in advanced NSCLC patients selected using the VeriStrat test.
- **AV-203:** AV-203 is an anti-ErbB3 monoclonal antibody with broad therapeutic potential. AV-203 has high ErbB3 affinity and potent anti-tumor activity in mouse models. AV-203 inhibits the activity of the ErbB3 receptor and our preclinical studies suggest that neuregulin-1, or NRG1, levels predict AV-203 anti-tumor activity in preclinical models. We have completed a phase 1 dose escalation study of AV-203 showing no dose limiting toxicities at maximum dose of 20mg/kg. The expansion cohort of this study among patients with a specific biomarker has been discontinued. In March 2014, we re-acquired our worldwide rights from Biogen Idec to develop, manufacture and commercialize AV-203, and are seeking to resume clinical development with a third party.
- **Tivozanib.** In 2006, we acquired exclusive rights to develop and commercialize tivozanib, worldwide outside of Asia pursuant to a license agreement we entered into with Kirin Brewery Co. Ltd. (now Kyowa Hakko Kirin), or KHK. Tivozanib is an investigational TKI of all three VEGF receptors. As discussed below under the heading "Strategic Partnerships," we entered into a strategic collaboration with Astellas in which we agreed to share responsibility with Astellas for the continued development and commercialization of tivozanib. In February 2014, Astellas informed us of its intent to end our collaboration for tivozanib. Currently, our focus with tivozanib is to wind down our activities related to our partnership with Astellas, including on-going support for patients who continue to receive treatment with tivozanib related to our clinical trials in RCC, breast cancer and colorectal cancer. In August 2014, pursuant to the terms of the license agreement, in connection with the termination, all rights for the development and commercialization of tivozanib will revert to AVEO. We will consider further partnering options based on what we believe is a favorable risk and benefit profile which could provide benefit to patients in certain indications.
- **AV-380 Program:** In 2012, we initiated a program focusing on cachexia, a serious and common complication of advanced cancer and a number of chronic diseases. Cachexia is characterized by unintentional weight loss, progressive muscle wasting, and a loss of appetite. Our primary research focus is in the area of cancer cachexia where there is a major unmet need. Over 400,000 patients in the United States being treated for cancer also suffer from cachexia. In addition,

cachexia is also associated with diseases outside of cancer including congestive heart failure, chronic kidney disease, and chronic obstructive pulmonary disease. AV-380, our lead drug candidate, is a potent humanized IgG1 inhibitory monoclonal antibody targeting growth differentiating factor-15, or GDF-15, a divergent member of the TGF-ß. family. In connection with this program, we have in-licensed certain patents and patent applications from St. Vincent's Hospital in Sydney, Australia.

We believe that AV-380 represents a unique approach to treating cachexia because it addresses key underlying mechanisms of the syndrome. In preclinical animal models, AV-380 has been shown to increase food intake, reverse body weight loss and restore normal body composition. Appropriate IND-enabling efforts, including cell line development, have been initiated to prepare AV-380 for future clinical development, and we expect that we will begin a phase 1 clinical study of AV-380 in cachexia in the second half of 2015. We plan to evaluate opportunities for partnerships to expand the development of AV-380, including in cachexia associated with non-cancer indications including chronic heart failure, chronic kidney disease and chronic obstructive pulmonary disease to leverage the full potential of this asset.

Going forward, we plan to focus our internal resources to advance potential first-in-class opportunities, such as our AV-380 program. We also plan to utilize external resources through innovative collaborations and strategic partnerships to develop our other assets. We plan to evaluate our potential drug candidates in accordance with the following criteria:

- identify diseases where no other therapies exist or where there is a well-defined patient population with clear unmet medical needs;
- provide a clear path to proof of concept and approval with reasonable probabilities of success; and
- pursue programs that can deliver value inflections within a projected framework.

Our proprietary Human Response Platform was designed to overcome many of the limitations of traditional approaches to modeling human cancer, as we use patented genetic engineering techniques to grow populations of spontaneous tumors in animals containing human-relevant, cancer-causing mutations and tumor variations akin to what is seen in populations of human tumors. Because we believe that these populations of tumors better replicate what is seen in human cancer, we believe that our Human Response Platform provides us with unique insights into cancer biology and mechanisms of drug response and resistance, and represents a significant improvement over traditional approaches. The identification and development of potential biomarkers through our Human Response Platform is a core component of our oncology drug development efforts.

We have devoted substantially all of our resources to our drug discovery efforts comprising research and development, conducting clinical trials for our product candidates, protecting our intellectual property and the general and administrative functions of these operations. We have generated no revenue from product sales through March 31, 2014, and through such date have principally funded our operations through:

- $391.7 million of non-dilutive capital in the form of license fees, milestone payments and research and development funding received from our strategic partners;
- $169.6 million of funding from the sale of convertible preferred stock to investors prior to our initial public offering, including $77.5 million of equity sales to our strategic partners;
- $89.7 million of gross proceeds from the sale of common stock in connection with the completion of our initial public offering;
- $26.5 million of loan proceeds in connection with our loan agreement with Hercules Technology II, L.P. and Hercules Technology III, L.P.;
- $68.3 million of gross proceeds from private placements of our common stock; and
- $168.7 million of gross proceeds from the sale of common stock in connection with public offerings of our common stock in June 2011 and January 2013.

We do not have a history of being profitable and, as of March 31, 2014, we had an accumulated deficit of $433.7 million. We anticipate that we will continue to incur significant operating costs over the next several years as we continue our planned development activities for our preclinical and clinical products. We will need additional financing to support our operating activities.

Recent Developments

On April 9, 2014, we entered into a worldwide agreement with Biodesix, Inc., or Biodesix, to develop and commercialize our HGF inhibitory antibody ficlatuzumab, with Biodesix's proprietary companion diagnostic test, VeriStrat®, a serum protein test that is commercially available to help physicians guide treatment decisions for patients with advanced non-small cell lung cancer, or NSCLC. Under the agreement, we granted Biodesix perpetual, non-exclusive rights to certain intellectual property, including all clinical and biomarker data related to ficlatuzumab, to develop and commercialize VeriStrat. Biodesix granted us perpetual, non- exclusive rights to certain intellectual property, including diagnostic data related to VeriStrat, with respect to the development and

commercialization of ficlatuzumab. We retain primary responsibility for clinical development of ficlatuzumab in a proof of concept clinical study of ficlatuzumab for NSCLC, in which VeriStrat will be used to select clinical trial subjects, which will be fully funded by Biodesix up to a maximum of $15 million. We and Biodesix will share equally in commercialization profits and losses, subject to our right to be the lead commercialization party and to book worldwide sales of ficlatuzumab. For a more complete description of this agreement, please see "Strategic Partnerships—Biodesix" below.

Strategic Partnerships

St. Vincent's Hospital

In July 2012, we entered into a license agreement with St. Vincent's Hospital Sydney Limited, which we refer to as St. Vincent's, under which we obtained an exclusive, worldwide license to research, develop, manufacture and commercialize products for therapeutic applications that benefit from inhibition or decreased expression or activity of MIC-1, which is also known as GDF-15. We believe GDF-15 is a novel target for cachexia and we are exploiting this license in our AV-380 program for cachexia. Under the agreement, we have the right to grant sublicenses subject to certain restrictions. We have a right of first negotiation to obtain an exclusive license to certain improvements that St. Vincent's or third parties may make to licensed therapeutic products. Under the license agreement, St. Vincent's also granted us non-exclusive rights for certain related diagnostic products and research tools.

Under the license agreement, we are obligated to use diligent efforts to conduct research and clinical development and commercially launch at least one licensed therapeutic product, and to maximize profits from licensed therapeutic products for the benefit of us and St. Vincent's. Subject to certain conditions, we have also agreed to achieve specified research, development and regulatory milestones by specified dates. If we do not achieve a given milestone by the agreed date, we have the option of paying the amount we would have been obligated to pay had we timely achieved the milestone, and, if we do so, St. Vincent's will not have the right to terminate the license agreement based on our failure to timely achieve such milestone.

We have also agreed that, for as long as there is a valid claim in the licensed patents, we will not, and we will ensure that our affiliates and our sublicensees do not, develop or commercialize any product, other than a licensed therapeutic product, for the treatment, prevention or prophylaxis of cachexia, decreased appetite or body weight, that binds to GDF-15 or the GDF-15 receptor and that is a GDF-15 antagonist, and will not license or induce any other person to do the same.

In connection with entering into the license agreement with St. Vincent's, we paid St. Vincent's an upfront license fee of $0.7 million and a low five-figure amount to reimburse St. Vincent's for patent-related expenses it incurred with respect to a specified licensed patent.

Under our license agreement with St. Vincent's, we may be required to:

- make milestone payments, up to an aggregate total of $9.2 million, upon achievement of specified research, development and regulatory milestones for the first three indications for licensed therapeutic products, some of which payments may be increased by a mid to high double-digit percentage rate for milestones payments made after we grant any sublicense under the license agreement, depending on the sublicensed territory or territories;
- pay tiered royalty payments equal to a low-single-digit percentage of any net sales we or our sublicensees make of licensed therapeutic products. The royalty rate escalates within the low-single-digit range during each calendar year based on increasing licensed therapeutic product sales during such calendar year. Our royalty payment obligations for a licensed therapeutic product in a particular country end on the later of 10 years after the date of first commercial sale of such licensed therapeutic product in such country or expiration of the last-to-expire valid claim of the licensed patents covering such licensed therapeutic product in such country, and are subject to offsets under certain circumstances;
- pay St. Vincent's sublicensing fees of up to an aggregate amount in the low-to-mid six-digits, depending on the sublicensed territory or territories, at the time we grant any sublicense; and
- reimburse St. Vincent's for some or all of the reasonable costs and expenses it incurs in patent management, filing, prosecuting and maintaining the licensed patents.

The license agreement will remain in effect until the later of 10 years after the date of first commercial sale of licensed therapeutic products in the last country in which a commercial sale is made, or expiration of the last-to-expire valid claim of the licensed patents, unless we elect, or St. Vincent's elects, to terminate the license agreement earlier.

St. Vincent's has the right to terminate the agreement due to any patent-related challenge by us, our affiliates or any sublicensee, or if we or our affiliates or any sublicensee cause or induce any other person to make a patent-related challenge, and such challenge continues after a specified cure period.

We have the right to terminate the agreement on six months' notice if we terminate our GDF-15 research and development programs as a result of the failure of a licensed therapeutic product in pre-clinical or clinical development, or if we form the reasonable view that further GDF-15 research and development is not commercially viable, and we are not then in breach of any of our obligations under the agreement. If we form the reasonable view that further GDF-15 research and development is not commercially viable and terminate the agreement before we start a phase 1 clinical trial on a licensed therapeutic product, we will be required to pay St. Vincent's a low-to-mid six-figure termination payment.

We may also terminate the agreement on 60 days' notice if certain licensed patents become invalid or unenforceable prior to July 2, 2014, we are not in breach of any of our obligations under the agreement, and we, our affiliates and sublicensees have not made a patent-related challenge.

Any termination of the agreement, in whole or in part, will result in a loss of our rights to the relevant licensed patents and know-how. If St. Vincent's terminates the agreement in its entirety due to our breach, insolvency or a patent-related challenge, or we terminate the agreement due to a development failure or lack of commercial viability, as described above, St. Vincent's will have a non-exclusive license from us to certain intellectual property rights and know-how relating to the licensed therapeutic products, and we must transfer to St. Vincent's certain then-existing regulatory approvals and related documents for the licensed therapeutic products.

Biodesix

In April 2014, we entered into a worldwide agreement with Biodesix to develop and commercialize our HGF inhibitory antibody ficlatuzumab, with Biodesix's proprietary companion diagnostic test, VeriStrat®, a serum protein test that is commercially available to help physicians guide treatment decisions for patients with advanced NSCLC.

Under the agreement, we granted Biodesix perpetual, non-exclusive rights to certain intellectual property, including all clinical and biomarker data related to ficlatuzumab, to develop and commercialize VeriStrat. Biodesix granted us perpetual, non-exclusive rights to certain intellectual property, including diagnostic data related to VeriStrat, with respect to the development and commercialization of ficlatuzumab; each license includes the right to sublicense, subject to certain exceptions. Pursuant to a joint development plan to be agreed upon by a joint steering committee, we retain primary responsibility for clinical development of ficlatuzumab in a proof of concept, or POC, clinical study of ficlatuzumab for NSCLC, in which VeriStrat will be used to select clinical trial subjects, referred to as NSCLC POC Trial. The NSCLC POC Trial will be fully funded by Biodesix up to a maximum of $15 million, referred to as the Cap. After the Cap is reached, we and Biodesix will share equally in the costs of the NSCLC POC trial, and we and Biodesix will each be responsible for 50% of development and regulatory costs associated with all future clinical trials agreed-upon by Biodesix and us, including all milestone payments and royalties payable to third parties, if any.

Pending marketing approval of ficlatuzumab and subject to a commercialization agreement to be entered into after receipt of results from the NSCLC POC Trial, each party will share equally in commercialization profits and losses, subject to our right to be the lead commercialization party and to book worldwide sales of ficlatuzumab.

Biodesix is solely responsible for the VeriStrat development costs, as well as VeriStrat sales and marketing costs. Following the approval of the VeriStrat test as a companion diagnostic for ficlatuzumab, Biodesix will make the VeriStrat test available and use commercially reasonable efforts to seek reimbursement in all geographies where ficlatuzumab is approved. We will reimburse Biodesix a pre-specified amount, under certain circumstances for VeriStrat tests performed.

Prior to the first commercial sale of ficlatuzumab and after the earlier of (i) the Cap being reached or (ii) the completion of the NSCLC POC Trial, each party has the right to elect to discontinue participating in further development or commercialization efforts with respect to ficlatuzumab, which is referred to as an Opt-Out. If either we or Biodesix elects to Opt-Out, referred to as the Opting-Out Party, then the Opting-Out Party shall not be responsible for any future costs associated in developing and commercializing ficlatuzumab other than any ongoing clinical studies. After election of an Opt-Out, the non-opting out party shall have sole decision-making authority with respect to further development and commercialization of ficlatuzumab. Additionally, the Opting-Out Party shall be entitled to receive, if ficlatuzumab is successfully developed and commercialized, a royalty equal to 10% of net sales of ficlatuzumab throughout the world, if any, subject to offsets under certain circumstances.

If Biodesix elects to Opt-Out, it will continue to be responsible for its development and commercialization obligations with respect to VeriStrat. If we elect to Opt-Out, we will continue to make the existing supply of ficlatuzumab available to Biodesix for the purposes of enabling Biodesix to complete the development of ficlatuzumab, and Biodesix will have the right to commercialize ficlatuzumab.

Prior to any Opt-Out, the parties shall share equally in any payments received from a third party licensee; provided, however, after any Opt-Out, the Opting-Out Party shall be entitled to receive only a reduced portion of such third party payments. The agreement will remain in effect until the expiration of all payment obligations between the parties related to development and commercialization of ficlatuzumab, unless earlier terminated.

Kyowa Hakko Kirin

In December 2006, we entered into a license agreement with Kirin Brewery Co. Ltd. (now Kyowa Hakko Kirin), which we sometimes refer to as KHK, under which we obtained an exclusive license, with the right to grant sublicenses subject to certain restrictions, to research, develop, manufacture and commercialize tivozanib, pharmaceutical compositions thereof and associated biomarkers. Our exclusive license covers all territories in the world, except for Asia. KHK has retained rights to tivozanib in Asia. Under the license agreement, we obtained exclusive rights in our territory under certain KHK patents, patent applications and know-how related to tivozanib, to research, develop, make, have made, use, import, offer for sale, and sell tivozanib for the diagnosis, prevention and treatment of any and all human diseases and conditions. We and KHK each have access to and can benefit from the other party's clinical data and regulatory filings with respect to tivozanib and biomarkers identified in the conduct of activities under the license agreement.

Under the license agreement, we are obligated to use commercially reasonable efforts to develop and commercialize tivozanib in our territory, including meeting certain specified diligence goals. Prior to the first anniversary of the first post-marketing approval sale of tivozanib in our territory, neither we nor any of our subsidiaries has the right to conduct certain clinical trials of, seek marketing approval for or commercialize any other cancer product that also works by inhibiting the activity of the VEGF receptor.

Upon entering into the license agreement with KHK, we made a one-time cash payment in the amount of $5.0 million. In March 2010, we made a $10.0 million milestone payment to KHK in connection with the dosing of the first patient in our phase 3 clinical trial of tivozanib. In December 2012, we made a $12.0 million milestone payment to KHK in connection with the acceptance by the FDA of our NDA filing for tivozanib. The total maximum payments for clinical and regulatory milestones under our license agreement with KHK are $60.0 million, in the aggregate.

We also made a $22.5 million payment to KHK during the year ended December 31, 2011 related to the up-front license payment received under the collaboration and license agreement with Astellas which we entered into in February 2011. We are also required to pay tiered royalty payments on net sales we make of tivozanib in our territory, which range from the low to mid teens as a percentage of net sales. The royalty rate escalates within this range based on increasing tivozanib sales. Our royalty payment obligations in a particular country in our territory begin on the date of the first commercial sale of tivozanib in that country, and end on the later of 12 years after the date of first commercial sale of tivozanib in that country or the date of the last to expire of the patents covering tivozanib that have been issued in that country. In the event we sublicense the rights licensed to us under the license agreement with KHK (upon termination in August 2014 of our agreement with Astellas), we are required to pay KHK a specified percentage of any amounts we receive from any third party sublicensees, other than amounts we receive in respect of research and development funding or equity investments, subject to certain limitations.

Astellas Pharma

In February 2011, we entered into a collaboration and license agreement with Astellas and certain of its indirect wholly-owned subsidiaries in connection with which we and Astellas made plans to develop and seek to commercialize tivozanib for the treatment of a broad range of cancers. On February 12, 2014, Astellas exercised its right to terminate the agreement, as a result of the limited scope of development for tivozanib moving forward. The termination of the agreement will be effective August 11, 2014, at which time tivozanib rights will be returned to us. In accordance with the agreement, committed development costs, including the costs of winding own discontinued tivozanib clinical development programs, will be shared equally. There are no refund provisions in the agreement.

In connection with the agreement, we received an initial cash payment of $125.0 million, comprised of a $75.0 million license fee and $50.0 million in research and development funding, both of which are non-creditable and non-refundable against any amounts due under the collaboration agreement. We retained net proceeds of approximately $97.6 million of the initial cash payment from Astellas, after payments to KHK and strategic, legal and financial advisors. In December 2012, we received a $15.0 million milestone payment from Astellas in connection with the acceptance by the FDA of our NDA filing for tivozanib for the treatment of patients with advanced RCC. We have elected to recognize all milestone payments as revenue once the milestones have been triggered if the milestone is deemed to be substantive.

We are accounting for the joint development and commercialization activities in North America and Europe as a joint risk-sharing collaboration in accordance with Accounting Standards Codification, or ASC, 808 *Collaborative Arrangements*. In addition, these joint development and commercialization activities were not deemed to be separate deliverables under the agreement with Astellas.

Payments from Astellas with respect to Astellas' share of tivozanib development and commercialization costs incurred by us pursuant to the joint development plan are recorded as a reduction to research and development expense and general and administrative expense in the accompanying consolidated financial statements due to the joint risk-sharing nature of the activities in North America and Europe. As a result of the cost-sharing provisions in the agreement, we reduced research and development expense by $1.2 million and $6.3 million during the three months ended March 31, 2014 and 2013, respectively. We also reduced general and administrative expense by $0.1 million and $1.3 million during the three months ended March 31, 2014 and 2013, respectively, as a result of the cost-sharing provisions in the agreement. The net amount due to us from Astellas pursuant to the cost-sharing provisions was $1.3 million at March 31, 2014.

Activities under the agreement with Astellas outside of the joint development and commercialization activities in North America and Europe were evaluated under ASC 605-25 *Revenue Recognition—Multiple Element Arrangements*, or ASC 605-25, to determine if they represented a multiple element revenue arrangement. The agreement with Astellas includes the following deliverables outside of the joint development and commercialization activities in North America and Europe: a co-exclusive license to develop and commercialize tivozanib in North America and Europe; a royalty-bearing license to develop and commercialize tivozanib in the royalty territory, which includes our obligation to provide access to clinical and regulatory information resulting from the activities in North America and Europe to Astellas for its development and commercialization of tivozanib in the royalty territory; and our obligation to supply clinical material to Astellas for development of tivozanib in the royalty territory. All of these deliverables were deemed to have stand-alone value and to meet the criteria to be accounted for as separate units of accounting under ASC 605-25.

We allocated the up-front consideration of $125 million to the deliverables based on our best estimate of selling price of each deliverable using the relative selling price method as we did not have vendor specific objective evidence or third-party evidence for such deliverables. Our best estimate of selling price considered discounted cash flow models, the key assumptions of which included the market opportunity for commercialization of tivozanib in North America and Europe and in the royalty territory, the development costs and market opportunity for the expansion of tivozanib into other solid tumor types, and the time to commercialization of tivozanib for all potential oncology indications. We allocated $120.2 million of the up-front consideration from Astellas to the co-exclusive license in North America and Europe and $4.8 million of the up-front consideration from Astellas to the combined deliverable representing a royalty-bearing license to develop and commercialize tivozanib in the royalty territory along with our obligation to provide access to clinical and regulatory information resulting from the activities in North America and Europe to Astellas for its use in the royalty territory. The relative selling price for our obligation to supply clinical material to Astellas for development in the royalty territory had *de minimis* value.

We recorded the $120.2 million relative selling price of the co-exclusive license granted in North America and Europe as collaboration revenue during the three months ended March 31, 2011 upon delivery of the license, and deferred approximately $4.8 million of revenue representing the relative selling price of the royalty-bearing license to develop and commercialize tivozanib in the royalty territory along with our obligation to provide access to clinical and regulatory information resulting from the activities in North America and Europe to Astellas for its use in the royalty territory. We were recording the $4.8 million ratably over the period of our performance through April 2022, the remaining patent life of tivozanib. Upon being notified that the collaboration would be terminated effective August 2014, we reassessed the period of performance associated with the royalty territory deliverable and accelerated the recognition of the remaining deferred revenue such that the balance would be recognized through August 2014. This change in estimate resulted in the recognition of an additional $0.9 million during the three months ended March 31, 2014. We recorded approximately $1.0 million and $0.1 million of revenue associated with the Royalty territory deliverable during the three month periods ended March 31, 2014 and 2013, respectively.

Biogen Idec

In March 2009, we entered into an exclusive option and license agreement with Biogen Idec International GmbH, or Biogen Idec, regarding the development and commercialization of our discovery-stage ErbB3-targeted antibodies for the potential treatment and diagnosis of cancer and other diseases in humans outside of North America. Under the agreement, we were responsible for developing ErbB3 antibodies through completion of the first phase 2 clinical trial designed in a manner that, if successful, will generate data sufficient to support advancement to a phase 3 clinical trial. In March 2014, we amended our agreement with Biogen Idec, whereby Biogen Idec agreed to the termination of its rights and obligations under the agreement, including Biogen Idec's option to (i) obtain a co-exclusive (with us) license to develop and manufacture ErbB3 targeted antibodies and (ii) obtain exclusive commercialization rights to ErbB3 products in countries in the world other than North America. As a result, we retain worldwide rights to AV-203, a clinical stage ErbB3-targeted antibody. Pursuant to the amendment, we are obligated to in good faith use reasonable efforts to seek a collaboration partner for the purpose of funding further development and commercialization of ErbB3 targeted antibodies. Pursuant to the amendment, we are obligated to pay Biogen Idec a percentage of milestone payments received by us from future partnerships after March 28, 2016 and single digit royalty payments on net sales related to the sale of ErbB3 products, up to cumulative maximum amount of $50 million.

The deliverables under the original arrangement included an option for a co-exclusive, worldwide license to develop and manufacture ErbB3 antibody products and an option for an exclusive license to commercialize ErbB3 antibody products in all countries in the world other than North America. We determined that these deliverables did not have standalone value due to the fact that the program was still in preclinical development and required our experience to advance development of the product candidates. As such, we determined that the agreement should be accounted for as one unit of accounting.

Under the terms of the agreement, Biogen Idec paid us an up-front cash payment of $5.0 million in March 2009, which is being amortized over the period of our substantial involvement, defined as the patent life of the development candidate. In addition, Biogen Idec purchased 7,500,000 shares of series E convertible preferred stock at a per share price of $4.00, resulting in gross proceeds to us of $30.0 million. We determined that the price of $4.00 paid by Biogen Idec represented a premium of $1.09 per share over the fair value of the series E convertible preferred stock of $2.91 as calculated by us in our retrospective stock valuation; accordingly, we are recognizing the premium of $8.2 million as revenue on a straight-line basis over the period of substantial involvement. In connection with the initial public offering we consummated in March 2010 and the related 1:4 reverse stock split of our common stock, each four shares of outstanding series E convertible preferred stock were converted into one share of common stock.

In June 2009, we earned a $5.0 million milestone payment for achievement of the first pre-clinical discovery milestone under the agreement. Since the $5.0 million milestone payment earned in June 2009 was related to a near-term milestone and not considered to be substantive, the revenue is being amortized as additional license revenue over our period of substantial involvement. We also earned a second $5.0 million milestone payment upon selection of a development candidate in March 2010 and a third $5.0 million milestone payment based on achieving the Good Laboratory Practices, or GLP, toxicology initiation milestone in June 2011. These milestones were considered substantive and were included in revenue for the quarters ended March 31, 2010 and June 30, 2011, respectively.

We concluded that the amendment materially modified the terms of the agreement and, as a result, required application of the guidance included in FASB Accounting Standards Codification section 605-25, *Multiple-Element Arrangements*. Based upon the terms of the amended arrangement, the remaining deliverables included our obligation to seek a collaboration partner to fund further development of the program and our obligation to continue development and commercialization of the licensed products if a collaboration partner is secured. We concluded that our obligation to use best efforts to seek a collaboration partner does not have standalone value from our efforts to continue development and commercialization of the licensed products and thus the deliverables should be treated as a single unit of accounting.

Upon modifying the arrangement, we had $14.7 million of deferred revenue remaining to be amortized. We are not entitled to receive any further consideration from Biogen Idec under the amended arrangement. We allocated a portion of the remaining deferred revenue to the undelivered unit of accounting based upon our best estimate of the selling price. We determined the best estimate of the selling price to be approximately $0.6 million and recognized the remaining $14.1 million as collaboration revenue in the three months ended March 31, 2014. The deferred revenue associated with the undelivered unit of accounting is being recognized on a straight-line basis over the expected period of performance, or through December 2015 based upon our historical experience with marketing our product candidates to potential partners.

The best estimate of the selling price was based upon a cost approach pursuant to which the Company estimated the costs expected to be incurred in executing a partnership agreement and then applied a reasonable markup. We estimated future cash outflows for several possible outcomes, including the execution of a partnership at different times within a reasonable range and partnerships of differing complexity. We estimated our cash outflows for each scenario based upon the expected costs associated with the relevant employees and the expected level of effort to be expended to seek and execute a partnership. Our analysis also considered the legal charges we anticipate we will incur. Changes to the assumptions within the reasonable range of possible values would not have a material impact on the amounts recorded in current or future periods.

Under the agreement, we recorded revenue of $14.3 million and $0.2 million for the three months ended March 31, 2014 and 2013, respectively.

Financial Overview

Revenue

To date, we have not generated any revenue from product sales. All of our revenue to date has been derived from license fees, milestone payments, premium over the fair value of convertible preferred shares sold to our strategic partners, and research and development payments received from our strategic partners.

In the future, we may generate revenue from a combination of product sales, license fees, milestone payments and research and development payments in connection with strategic partnerships, and royalties resulting from the sales of products developed under licenses of our intellectual property. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of license fees, research and development reimbursements, milestone and other payments received under our strategic partnerships, and the amount and timing of payments that we receive upon the sale of our products, to the extent any are successfully commercialized. We do not expect to generate revenue from product sales in the near term. If we or our strategic partners fail to complete the development of our drug candidates in a timely manner or obtain regulatory approval for them, our ability to generate future revenue, and our results of operations and financial position, would be materially adversely affected.

Research and Development Expenses

Research and development expenses consist of expenses incurred in connection with the discovery and development of our product candidates. These expenses consist primarily of:

- employee-related expenses, which include salaries, benefits and stock-based compensation expense;
- expenses incurred under agreements with contract research organizations, investigative sites and consultants that conduct our clinical trials and a substantial portion of our preclinical studies;
- the cost of acquiring and manufacturing clinical trial materials, as well as commercial materials prior to our anticipated launch of tivozanib;
- the cost of winding down discontinued tivozanib clinical development programs;
- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities and equipment, and depreciation of fixed assets;
- license fees for, and milestone payments related to, in-licensed products and technology; and
- costs associated with outsourced development activities, regulatory approvals and medical affairs.

We expense research and development costs as incurred. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made.

Research and development expenses are net of amounts reimbursed under our agreement with Astellas for Astellas' share of development costs incurred by us under our joint development plan with Astellas.

Conducting a significant amount of research and development is central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later stage clinical trials. We plan to continue to expend considerable resources on our research and development expenses as we seek to complete development of product candidates. In the near-term, we expect our total research and development expenses to decrease year over year as we continue to wind-down our tivozanib development program and focus our efforts on potential first-in-class opportunities that are currently in earlier stages of development, such as our AV-380 program.

We track external development expenses and personnel expense on a program-by-program basis and allocate common expenses, such as scientific consultants and laboratory supplies, to each program based on the personnel resources allocated to such program. Facilities, depreciation, stock-based compensation, research and development management and research and development support services are not allocated among programs and are considered overhead. We expect our overhead expenses to decrease in future periods as we plan to consolidate our leased facilities in 2014. Below is a summary of our research and development expenses for the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31,	
	2014	2013
	(in thousands)	
Tivozanib	$ 3,551	$10,745
AV-380 Program in Cachexia	1,898	786
Ficlatuzumab	852	1,673
AV-203	726	1,307
Other pipeline programs	26	780
Other research and development	26	180
Overhead	4,688	5,491
Total research and development expenses	$11,767	$20,962

Tivozanib

On November 27, 2012, the FDA, accepted for filing our NDA for tivozanib, our lead product candidate, with the proposed indication for the treatment of patients with advanced renal cell carcinoma, or RCC. On May 2, 2013, we were informed by the FDA that its Oncologic Drugs Advisory Committee, or ODAC, voted 13 to 1 that our NDA for investigational agent tivozanib did not demonstrate a favorable benefit-to-risk evaluation for the treatment of advanced RCC in an adequate and well-controlled trial. We subsequently announced on June 10, 2013 that we had received a complete response letter from the FDA informing us that the FDA will not approve in its present form our NDA for our investigational agent tivozanib for the treatment of patients with advanced RCC.

In addition to our program to develop tivozanib for RCC, we also evaluated tivozanib in two clinical trials: BATON-CRC, a phase 2 clinical trial conducted by our partner, Astellas, to evaluate tivozanib in combination with mFOLFOX6 compared to Avastin in combination with mFOLFOX6 as first-line therapy in patients with advanced metastatic colorectal cancer, or CRC; and BATON-BC, a phase 2 clinical trial to evaluate the efficacy of tivozanib in combination with paclitaxel compared to placebo in combination with paclitaxel in patients with locally recurrent or metastatic triple negative breast cancer who have received no prior systemic therapy, for which we initiated enrollment in the fourth quarter of 2012. On January 30, 2014, we announced that we and Astellas jointly decided to discontinue the BATON-BC clinical trial, due to insufficient enrollment. On December 13, 2013, we announced that the BATON-CRC study was unlikely to meet the primary endpoint in the intent-to-treat population and on February 14, 2014, we announced that we and Astellas agreed to discontinue this study.

We entered into a collaboration and license agreement with Astellas in February 2011, pursuant to which we and Astellas shared responsibility for tivozanib, including expenses for continued development and commercialization of tivozanib, in North America and Europe. We have included $1.2 million and $6.3 million in research and development cost reimbursements as a reduction in tivozanib-related expenses for the three months ended March 31, 2014 and 2013, respectively. We also made a $22.5 million payment to KHK during the year ended December 31, 2011 related to the up-front license payment received under the collaboration and license agreement with Astellas which we entered into in February 2011. In December 2012, we made a $12.0 million milestone payment to KHK in connection with the acceptance of our NDA filing for tivozanib. On February 12, 2014, as a result of the limited scope of development for tivozanib moving forward, Astellas elected to terminate our collaboration and license agreement pursuant to its terms. Pursuant to the terms of the agreement, the termination will be effective 180 days from the date of the notice, or August 11, 2014, at which time tivozanib rights will be returned to us. Committed development costs, including the costs of winding down discontinued tivozanib clinical development programs, will be shared equally.

With the termination of our partnership with Astellas, we do not plan to commit to further development of tivozanib at this time. We and Astellas will share the costs of winding down the discontinued tivozanib clinical development programs. We expect our share of tivozanib wind down costs to be approximately $12.0 million during 2014. The actual amount that we will incur may differ from this estimate depending upon our ability to expedite the termination of our existing obligations while continuing to satisfy our patient and regulatory requirements. As a result of the wind down activities, we expect research and development expenses related to tivozanib to decrease in the near-term as compared to prior periods. Upon regaining the rights for the development and commercialization of tivozanib in August 2014 from Astellas, we will consider further partnering options based on what we believe is a favorable risk and benefit profile which could provide benefit to patients in certain indications.

AV-380 Program in Cachexia

In 2012, we initiated a program focusing on cachexia, which we now refer to as our AV-380 program. Cachexia is a serious and common complication of advanced cancer and a number of chronic diseases that is characterized by symptoms of unintentional weight loss, progressive muscle wasting, and a loss of appetite. Cancer cachexia is defined as a multi-factorial syndrome of involuntary weight loss characterized by an ongoing loss of skeletal muscle mass (with or without loss of fat mass) that cannot be fully reversed by conventional nutritional support and leads to progressive functional impairment. The pathophysiology is characterized by a negative protein and energy balance driven by a variable combination of reduced food intake and abnormal metabolism. Other symptoms of cachexia include anemia, breathing difficulties, edema, insulin resistance, muscle weakness/asthenia, and fatigue.

In connection with our cachexia program, we have in-licensed certain patents and patent applications from St. Vincent's. In December 2013, we presented preclinical data at the 7th Annual Cachexia Conference in Kobe, Japan, demonstrating that growth differentiating factor-15, or GDF-15, induces anorexia and cachexia in mice, suggesting GDF-15 to be a novel target for cachexia. In 2013, we initiated cell line development of AV-380, an antibody discovered using our Human Response Platform, and nominated AV-380 as the development candidate for the program. Appropriate IND-enabling efforts, including cell line development, have been initiated to prepare AV-380 for future clinical development. We expect to initiate clinical development of AV-380 in the second half of 2015.

As we focus our efforts on our cachexia program, we expect our costs associated with this program to increase.

Ficlatuzumab

In April 2014, we entered into a worldwide agreement with Biodesix to develop and commercialize AVEO's HGF inhibitory antibody ficlatuzumab, with Biodesix's proprietary companion diagnostic test, VeriStrat®, a serum protein test that is commercially available to help physicians guide treatment decisions for patients with advanced NSCLC. In September 2012, we announced detailed data from our phase 2 clinical trial comparing the combination of ficlatuzumab and gefitinib to gefitinib monotherapy in previously untreated Asian subjects with non-small cell lung cancer. In the intent-to-treat population, the addition of ficlatuzumab to gefitinib did not result in statistically significant improved overall response rate. However, an exploratory analysis using VeriStrat identified a sub-population of patients who did not respond well to the EGFR-TKI therapy that experienced a progression-free survival and overall survival benefit on the combination therapy in the phase 2 trial.

In November 2011, we entered into an agreement with Boehringer Ingelheim for large-scale process development and clinical manufacturing of ficlatuzumab. Boehringer Ingelheim will produce ficlatuzumab at its biopharmaceutical site in Fremont, CA. We have retained all rights to the development and commercialization of ficlatuzumab. Due to the unpredictable nature of preclinical and clinical development, we are unable to estimate with any certainty the costs we will incur in the future development of ficlatuzumab.

AV-203

Through the use of our Human Response Platform, we have identified antibodies that have been shown to be potent and selective inhibitors of ErbB3 in preclinical studies. In preclinical testing, these antibodies have significantly inhibited the growth of a number of different tumors, including in breast, prostate and pancreatic cancers. We granted Biogen Idec an exclusive option to co-develop (with us) and commercialize our ErbB3-targeted antibodies for the potential treatment and diagnosis of cancer and other diseases outside of North America. Upon the selection of AV-203 as a development candidate in the first quarter of 2010, we earned a $5.0 million milestone payment from Biogen Idec, and we earned an additional $5.0 million milestone payment in June 2011 based on initiation of a GLP toxicology study. In May 2012, we announced the initiation of a phase 1 clinical trial examining the safety, tolerability and preliminary efficacy of AV-203 along with exploratory biomarkers in patients with metastatic or advanced solid tumors.

In March 2014, we regained our worldwide rights from Biogen Idec to develop, manufacture and commercialize AV-203, and are seeking to resume clinical development with a third party. Due to the unpredictable nature of preclinical and clinical development and given the early stage of this program, we are unable to estimate with any certainty the costs we will incur in the future development of AV-203.

Other Pipeline Programs

The expenses related to our other pipeline programs are expected to decrease as a result of our strategic decision to prioritize certain product candidates currently in clinical or preclinical development. Future research and development costs for our pipeline programs are not reasonably certain because such costs are dependent on a number of variables, including the success of preclinical studies and the identification of other potential candidates.

Other Research and Development

Other research and development includes expenses related to our Human Response Platform, which are not specifically related to a particular product candidate or a specific strategic partnership.

Uncertainties of Estimates Related to Research and Development Expenses

The process of conducting preclinical studies and clinical trials necessary to obtain FDA approval for each of our product candidates is costly and time-consuming. The probability of success for each product candidate and clinical trial may be affected by a variety of factors, including, among others, the quality of the product candidate's early clinical data, investment in the program, competition, manufacturing capabilities and commercial viability.

At this time, we cannot reasonably estimate or know the nature, specific timing and estimated costs of the efforts that will be necessary to complete the development of our product candidates, or the period, if any, in which material net cash inflows may commence from sales of any approved products. This uncertainty is due to the numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- the scope, progress, results and costs of preclinical development, laboratory testing and clinical trials for any product candidate;
- the progress and results of our clinical trials;
- the costs related to the winding down of the discontinued tivozanib clinical development programs;
- the costs, timing and outcome of regulatory review of our product candidates;
- our ability to establish and maintain strategic partnerships, the terms of those strategic partnerships and the success of those strategic partnerships, if any, including the timing and amount of payments that we might receive from strategic partners;
- the emergence of competing technologies and products and other adverse market developments; and
- the costs of preparing, filing and prosecuting patent applications and maintaining, enforcing and defending intellectual property-related claims.

As a result of the uncertainties associated with developing drugs, including those discussed above, we are unable to determine the duration and completion costs of current or future clinical stages of our product candidates, or when, or to what extent, we will generate revenues from the commercialization and sale of any of our product candidates. Development timelines, probability of success and development costs vary widely. We anticipate that we will make determinations as to which additional programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical success, if any, of each product candidate, as well as ongoing assessment of each product candidate's commercial potential. We will need to raise substantial additional capital in the future in order to fund the development of our preclinical and clinical product candidates.

General and Administrative Expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive, finance, corporate development, marketing, information technology, legal and human resource functions. Other general and administrative expenses include facility costs not otherwise included in research and development expenses, patent filing, prosecution and defense costs and professional fees for legal, consulting, pre-commercialization activities, auditing and tax services.

We anticipate that our general and administrative expenses will decrease due to the elimination of activities and infrastructure supporting tivozanib. This decrease may be partially offset by an increase in legal costs associated with the ongoing shareholder litigation and SEC investigation described in this report under the heading "Legal Proceedings" below in Part II—Item 1.

Interest Income and Interest Expense

Interest income consists of interest earned on our cash, cash equivalents and marketable securities. The primary objective of our investment policy is capital preservation.

Interest expense consists of interest, amortization of debt discount, and amortization of deferred financing costs associated with our loans payable.

Income Taxes

We calculate our provision for income taxes on ordinary income based on our projected annual tax rate for the year. As of March 31, 2014, we are projecting an ordinary loss for the year ended December 31, 2014, and since we maintain a full valuation allowance on all of our deferred tax assets, we have recorded no income tax provision or benefit in the current quarter.

Critical Accounting Policies and Significant Judgments and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, accrued clinical expenses, and stock-based compensation. We base our estimates on historical experience, known trends and events and various other factors that we and our management believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are described in the notes to our condensed consolidated financial statements appearing elsewhere in this report. There have been no material changes to our critical accounting policies during the three months ended March 31, 2014. Please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", of our annual report on Form 10-K for the fiscal year ended December 31, 2013 for further discussion of our critical accounting policies and significant judgments and estimates.

Results of Operations

Comparison of Three Months Ended March 31, 2014 and 2013

The following table summarizes the results of our operations for each of the three months ended March 31, 2014 and 2013, together with the changes in those items in dollars and as a percentage:

	Three Months Ended March 31,		Increase/ (decrease)	%
	2014	2013		
	(in thousands)			
Revenue	$15,289	$ 323	$ 14,966	4,633%
Operating expenses:				
Research and development	11,767	20,962	(9,195)	(44)%
General and administrative	5,555	12,449	(6,894)	(55)%
Restructuring and lease exit	3,859	67	3,792	5,660%
Total operating expenses	21,181	33,478	(12,297)	(37)%
Loss from operations	(5,892)	(33,155)	27,263	(82)%
Other income (expense), net	7	(101)	108	(107)%
Interest expense	(581)	(870)	289	(33)%
Interest income	16	41	(25)	(61)%
Net loss	$ (6,450)	$(34,085)	$ 27,635	(81)%

The following table sets forth revenue for the three months ended March 31, 2014 and 2013:

Revenue	Three Months Ended March 31,		Increase/ (decrease)	%
	2014	2013		
	(in thousands)			
Strategic Partner:				
Biogen Idec	14,290	216	14,074	6,516%
Astellas	999	107	892	834%
	$ 15,289	$ 323	$14,966	4,633%

Revenue. Revenue for the three months ended March 31, 2014 was $15.3 million compared to $0.3 million for the three months ended March 31, 2013, an increase of approximately $15.0 million. The increase was primarily due to the recognition of an additional $14.1 million of previously deferred revenue as a result of the amendment to our arrangement with Biogen. Pursuant to the amendment, Biogen agreed to the termination of its rights and obligations under the previous arrangement. As a result, we recognized as revenue all previously deferred amounts in excess of the estimated selling price of the remaining deliverables under the modified arrangement. In addition, we recognized an additional $0.9 million in revenue from our arrangement with Astellas upon a change in estimate to the period of performance associated with the remaining deliverables following Astellas' decision to terminate the arrangement.

Research and development. Research and development, or R&D, expenses for the three months ended March 31, 2014 were $11.8 million compared to $21.0 million for the three months ended March 31, 2013, a decrease of $9.2 million or 44%. The decrease is primarily attributable to a $5.7 million decrease in employee compensation and travel costs following our June 2013 restructuring, a $2.8 million decrease in external clinical trial, consulting and manufacturing costs associated with tivozanib due to our ongoing efforts to wind-down the program and the associated clinical studies and a $0.5 million decrease in external research costs.

General and administrative. General and administrative, or G&A, expenses for the three months ended March 31, 2014 were $5.6 million compared to $12.4 million for the three months ended March 31, 2013, a decrease of $6.9 million of 55% The decrease is primarily the result of a $3.7 million decrease in employee costs following our June 2013 restructuring and a $4.2 million decrease in marketing and consulting costs due to termination of work related to tivozanib pre-commercialization activities. These amounts were partially offset by a $1.0 million increase in external legal costs associated with various ongoing legal matters.

Restructuring and lease exit. Restructuring and lease exit expenses for the three months ended March 31, 2014 were $3.9 million compared to $67,000 for the three months ended March 31, 2013. The increase of $3.8 million is the result of a charge of $3.9 million recorded during the three months ended March 31, 2014 associated with the portion of our 650 E. Kendall Street facility that we ceased using.

Other (expense) income, net. Other income, net for the three months ended March 31, 2014 was $7,000 compared to $(0.1) million for the three months ended March 31, 2013, an increase of $0.1 million or 107%. The increase in other (expense) income is due to decreased losses attributable to foreign exchange rates.

Interest expense. Interest expense for the three months ended March 31, 2014 was $0.6 million compared to $0.9 million for the three months ended March 31, 2013, a decrease of 33%. The decrease is primarily attributable to the declining outstanding balance on our loan with Hercules Technology Growth.

Interest income. Interest income for the three months ended March 31, 2014 was $16,000 compared to $41,000 for the three months ended March 31, 2013, a decrease of $25,000 or 61%. The decrease in interest income is primarily due to a lower average cash balance and lower average interest rates during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Liquidity and Capital Resources

We have funded our operations principally through the sale of equity securities sold in private placements and underwritten public offerings, revenue and expense reimbursements from strategic partnerships, debt financing and interest income. As of March 31, 2014, we have received gross proceeds of $89.7 million from the sale of common stock in our initial public offering, $68.3 million from private placements of shares of our common stock to institutional and accredited investors, $168.7 million from a follow-on public offering of shares of our common stock, and $169.6 million from the sale of convertible preferred stock prior to becoming a public company. As of March 31, 2014, we had received an aggregate of $391.7 million in cash from our agreements with strategic partners, and $26.5 million in funding from our debt financing with Hercules Technology Growth and certain of its affiliates. As of March 31, 2014, we had cash, cash equivalents and marketable securities of approximately $88.3 million. Currently, our funds are invested in money market funds, asset-backed securities, asset-backed commercial paper and corporate debt securities, including commercial paper. The following table sets forth the primary sources and uses of cash for each of the periods set forth below:

	Three Months Ended March 31,	
	2014	2013
	(in thousands)	
Net cash used in operating activities	$(19,816)	$(21,608)
Net cash provided by (used in) investing activities	17,820	(22,362)
Net cash (used in) provided by financing activities	(2,495)	53,708
Net increase in cash and cash equivalents	$ (4,491)	$ 9,738

For the three months ended March 31, 2014 and 2013, our operating activities used cash of $19.8 million and $21.6 million, respectively. The cash used by operations for the three months ended March 31, 2014 was due primarily to our net loss adjusted for non-cash items and working capital adjustments. The cash used by operations for the three months ended March 31, 2013 was due primarily to our net loss adjusted for non-cash items, as well as a decrease in the accounts receivable balance of $11.5 million primarily related to payments received from Astellas during the three months ended March 31, 2013.

For the three months ended March 31, 2014 and 2013, our investing activities provided (used) cash of $17.8 million and $(22.4) million, respectively. The cash provided by (used in) investing activities for the three months ended March 31, 2014 and 2013 was primarily the net result of purchases of marketable securities partially offset by maturities and sales of marketable securities, in addition to purchases of property and equipment of $7.8 million and $0.8 million, respectively, which were primarily associated with the build-out of our leased facilities.

For the three months ended March 31, 2014 and 2013, our financing activities (used) provided $(2.5) million and $53.7 million, respectively. The decrease in cash (used) provided by financing activities is primarily the result of the receipt of proceeds from the issuance on common stock during the three months ended March 31, 2013 that did not recur during the three months ended March 31, 2014.

Credit Facilities. On May 28, 2010, we entered into a loan and security agreement, which we refer to as the loan agreement, with Hercules Technology II, L.P. and Hercules Technology III, L.P., affiliates of Hercules Technology Growth, which we amended on December 21, 2011 and March 31, 2012, and under which we received a loan in an aggregate principal amount of $26.5 million. We are required to repay the aggregate principal balance of the loan that is outstanding under the loan agreement in 30 equal monthly installments of principal, which started on April 1, 2013. The loan agreement also includes an obligation to pay an additional deferred charge of $1.2 million due on June 1, 2014 which has been recorded as a loan discount and is being amortized to interest expense over the term of the loan agreement using the effective interest rate method. We recorded a long-term liability for the full amount of the charge since the payment of such amount is not contingent on any future event. Per annum interest is payable at the greater of 11.9% and an amount equal to 11.9% plus the prime rate of interest minus 4.75%, provided however, that the per annum interest shall not exceed 15.0%. We must make interest payments on the loan each month the loan remains outstanding. The unpaid principal balance and all accrued but unpaid interest will be due and payable on September 1, 2015.

The loan is secured by a lien on all of our personal property (other than intellectual property), whether owned as of, or acquired after, the date of the amended loan agreement. As of March 31, 2014, the principal balance outstanding was $16.9 million.

Operating Capital Requirements. We anticipate that we will continue to incur significant operating costs for the next several years as we incur expenses to continue to advance our preclinical and clinical programs.

We believe that our existing cash, cash equivalents and marketable securities will allow us to fund our operating plan into at least the fourth quarter of 2015.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amounts of our working capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the number and characteristics of the product candidates we pursue;
- the scope, progress, results and costs of researching and developing our product candidates, and conducting preclinical and clinical trials;
- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- our ability to secure alternative leasing or subleasing arrangements for our underutilized office space at 650 East Kendall Street in Cambridge, Massachusetts, and to achieve related cost savings with respect to our current lease obligation;
- the timing of, and the costs involved in, obtaining regulatory approvals for our product candidates;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- whether we realize the full amount of any projected cost savings associated with our strategic restructurings;
- the absence of any breach or event of default under our loan agreement with Hercules or under any other agreements with third parties;
- the outcome of lawsuits against us, including the current lawsuits described below under “Part II, Item1—Legal Proceedings;”
- the cost of commercialization activities if any of our product candidates are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing our product candidates and any products we successfully commercialize; and
- the timing, receipt and amount of sales of, or royalties on, our future products, if any.

In connection with the June 2013 restructuring, we are reevaluating our facilities requirements for our headquarters, office and laboratory space at 650 East Kendall Street in Cambridge, Massachusetts. Failure to secure alternative arrangements with respect to our lease commitments could have an adverse effect on our operating results or financial condition.

If our available cash and cash equivalents are insufficient to satisfy our liquidity requirements, or if we identify additional opportunities to do so, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity or convertible debt securities may result in additional dilution to our stockholders. If we raise additional funds through the issuance of debt securities or preferred stock or through additional credit facilities, these securities and/or the loans under credit facilities could provide for rights senior to those of our common stock and could contain covenants that would restrict our operations. We may require additional capital beyond our currently forecasted amounts. Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to:

- delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities for one or more of our product candidates; and/or
- delay, limit, reduce or terminate our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates, if approved.

Contractual Obligations and Commitments

There have been no material changes to our contractual obligations and commitments outside the ordinary course of business from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on March 13, 2014.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. As of March 31, 2014, we had cash and cash equivalents and marketable securities of $88.3 million, consisting of cash on deposit with banks, money market funds, U.S. government agency securities, asset-backed securities, asset-backed commercial paper, and corporate debt, including commercial paper. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments are in short-term marketable securities. Our marketable securities are subject to interest rate risk and could fall in value if market interest rates increase. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our portfolio. We have the ability to hold our marketable securities until maturity, and therefore we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a change in market interest rates on our investments. We do not currently have any auction rate securities.

Our long-term debt bears interest at variable rates. In May 2010, we entered into a loan agreement with affiliates of Hercules Technology Growth Capital pursuant to which we received a loan in the aggregate principal amount of $25.0 million. In March 2012, we entered into an amendment to the loan, pursuant to which we increased the principal amount to $26.5 million. Per annum interest is payable at the greater of 11.9% and 11.9% plus the prime rate of interest minus 4.75%, not to exceed 15%. As a result of the 15% maximum per annum interest rate under the amended loan agreement, we have limited exposure to changes in interest rates on borrowings under this loan agreement. For every 1% increase in the prime rate over 4.75%, given the amount of debt outstanding under the loan agreement as of March 31, 2014, and expected loan payments during 2014, we would have a decrease in future annual cash flows of approximately $0.1 million over the next twelve month period as a result of such 1% increase.

We are also exposed to market risk related to change in foreign currency exchange rates. We contract with contract research organizations and investigational sites that are located around the world. We are subject to fluctuations in foreign currency rates in connection with these agreements. We do not currently hedge our foreign currency exchange rate risk.

Item 4. Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Acting Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2014. In designing and evaluating our disclosure controls and procedures, management recognized 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 applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Acting Chief Financial Officer concluded that as of March 31, 2014, our disclosure controls and procedures were (1) designed to ensure that material information relating to us is made known to our management including our principal executive officer and principal financial officer by others, particularly during the period in which this report was prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Two class action lawsuits have been filed against us and certain of our present and former officers and members of our board of directors, (Tuan Ha-Ngoc, David N. Johnston, William Slichenmyer and Ronald DePinho), in the United States District Court for the District of Massachusetts, one captioned Paul Sanders v. Aveo Pharmaceuticals, Inc., et al., No. 1:13-cv-11157-JLT, filed on May 9, 2013, and the other captioned Christine Krause v. AVEO Pharmaceuticals, Inc., et al., No. 1:13-cv-11320-JLT, filed on May 31, 2013. On December 4, 2013, the District Court consolidated the complaints as In re AVEO Pharmaceuticals, Inc. Securities Litigation et al., No. 1:13-cv-11157-DJC, and an amended complaint was filed on February 3, 2014. The amended complaint purports to be brought on behalf of shareholders who purchased our common stock between January 3, 2012 and May 1, 2013. The amended complaint generally alleges that we and certain of our present and former officers and directors violated Sections 10(b) and/or 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making allegedly false and/or misleading statements concerning the phase 3 trial design and results for our TIVO-1 study in an effort to lead investors to believe that the drug would receive approval from the FDA. The amended complaint seeks unspecified damages, interest, attorneys' fees, and other costs. On April 4, 2014, we filed a motion to dismiss the consolidated class action complaint with prejudice. We deny any allegations of wrongdoing and intend to vigorously defend against this lawsuit. However, there is no assurance that we will be successful in our defense or that insurance will be available or adequate to fund any settlement or judgment or the litigation costs of the action. Moreover, we are unable to predict the outcome or reasonably estimate a range of possible loss at this time.

On April 4, 2014, Karen J. van Ingen, a purported purchaser of AVEO stock, filed a derivative complaint allegedly on behalf of AVEO in the United States District Court for the District of Massachusetts, Civil Action No. 1:14-cv-11672-DJC, naming AVEO, as a nominal defendant and also naming as defendants present and former members of our board of directors, including Tuan Ha-Ngoc, Henri A. Termeer, Kenneth M. Bate, Anthony B. Evnin, Robert Epstein, Raju Kucherlapati, Robert C. Young, and Kenneth E. Weg. The complaint alleges breach of fiduciary duty and abuse of control between January 2012 and May 2013 with respect to allegedly misleading statements and omissions regarding tivozanib. The complaint seeks, among other relief, unspecified damages, costs and expenses, including attorneys' fees, an order requiring us to implement certain corporate governance reforms, restitution from the defendants and such other relief as the court might find just and proper. We deny any allegations of wrongdoing and intend to vigorously defend this lawsuit. However, there is no assurance that we will be successful in our defense or that insurance will be available or adequate to fund any settlement or judgment or the litigation costs of this action. Moreover, we are unable to predict the outcome or reasonably estimate a range of possible loss at this time.

On July 3, 2013, we received a subpoena from the SEC, requesting documents and information concerning tivozanib, including related communications with the FDA, investors and others. We are fully cooperating with the SEC regarding this fact-finding inquiry. The SEC has informed us that this inquiry should not be construed as an indication that any violations of law have occurred or that the SEC has any negative opinion of any person, entity or security.

Item 1A. Risk Factors

Our business is subject to numerous risks. We caution you that the following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in this Quarterly Report on Form 10-Q and other filings with the SEC, press releases, communications with investors and oral statements. Any or all of our forward-looking statements in this Quarterly Report on Form 10-Q and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may differ materially from those anticipated in our forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosure we make in our reports filed with the SEC.

Risks Related to Our Financial Position and Capital Requirements

We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our research, product development or commercialization efforts.

Since our inception, most of our resources have been dedicated to the discovery and preclinical and clinical development of our product candidates. We believe that we will continue to expend substantial resources for the foreseeable future developing our preclinical and clinical product candidates. These expenditures will include costs associated with research and development, conducting preclinical and clinical trials, obtaining regulatory approvals and products from third-party manufacturers, as well as marketing and selling any products approved for sale. In addition, other unanticipated costs may arise.

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.

We believe that our existing cash, cash equivalents and marketable securities will allow us to fund our operating plan into at least the fourth quarter of 2015.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amounts of our working capital requirements. Our future capital requirements depend on many factors, including:

- the number and characteristics of the product candidates we pursue;
- the scope, progress, results and costs of researching and developing our product candidates, and conducting preclinical and clinical trials;
- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- our ability to secure alternative leasing or subleasing arrangements for our underutilized office at 650 East Kendall Street in Cambridge, Massachusetts, and to achieve related cost savings with respect to our current lease obligation;
- the timing of, and the costs involved in, obtaining regulatory approvals for our product candidates;
- the costs related to the winding down of the discontinued tivozanib clinical development programs;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- whether we realize the full amount of any projected cost savings associated with our strategic restructurings;
- the absence of any breach or event of default under our loan agreement with Hercules or under any other agreements with third parties;
- the outcome of lawsuits against us, including the current lawsuits described under “Part II, Item 1—Legal Proceedings;”
- the cost of commercialization activities if any of our product candidates are approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing our product candidates and any products we successfully commercialize; and
- the timing, receipt and amount of sales of, or royalties on, our future products, if any.

In addition, it is possible that Hercules Technology II, L.P. and Hercules Technology III, L.P., affiliates of Hercules Technology Growth, which we refer to collectively as Hercules, could take the position that the adverse outcome relating to the development and commercialization of tivozanib for RCC, including the FDA informing us that it would not approve our NDA for tivozanib for the treatment of patients with advanced RCC, the related shareholder litigation described under “Part II, Item 3—Legal Proceedings” and Astellas’ decision to terminate its collaboration with us, collectively, constitute a material adverse change under our loan and security agreement with Hercules, under which we had $16.9 million in loans outstanding as of March 31, 2014, which could trigger a repayment of all principal and interest due under the loan, unless such event of default is waived by Hercules.

In connection with our June 2013 restructuring and related reduction in workforce, we are reevaluating our facilities requirements for our headquarters and laboratory space at 650 East Kendall Street in Cambridge, Massachusetts. Failure to secure alternative arrangements with respect to our lease commitments could have an adverse effect on our operating results or financial condition.

If our available cash and cash equivalents are insufficient to satisfy our liquidity requirements, or if we identify additional opportunities to do so, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity or convertible debt securities may result in additional dilution to our stockholders. If we raise additional funds through the issuance of debt securities or preferred stock or through additional credit facilities, these securities and/or the loans under credit facilities could provide for rights senior to those of our common stock and could contain covenants that would restrict our operations. We may require additional capital beyond our currently forecasted amounts. Additional funds may not be available when we need them, on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to:

- delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities for one or more of our product candidates; and/or

- delay, limit, reduce or terminate our establishment of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates, if approved.

We anticipate that we will continue to incur significant operating costs for the foreseeable future. It is uncertain if we will ever attain profitability in the future, which would depress the market price of our common stock.

We have incurred net losses in all prior reporting periods, other than for the year ended December 31, 2011, including a net loss of $107.0 million during the twelve months ended December 31, 2013 and a net loss of $6.5 million for the three months ended March 31, 2014. As of March 31, 2014, we had an accumulated deficit of $433.7 million. To date, we have not commercialized any products or generated any revenues from the sale of products, and absent the realization of sufficient revenues from product sales, we may never attain profitability in the future. Our losses have resulted principally from costs incurred in our discovery and development activities. We anticipate that we will continue to incur significant operating costs over the next several years as we seek to develop our preclinical and clinical product candidates.

If we do not successfully develop and obtain regulatory approval for our existing and future pipeline product candidates and effectively manufacture, market and sell any product candidates that are approved, we may never generate product sales, and even if we do generate product sales, we may never achieve or sustain profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the market price of our common stock and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations.

Raising additional capital may cause dilution to our existing stockholders, and the terms of additional capital may impose restrictions on our operations or require us to relinquish rights to our technologies or product candidates.

We are likely to seek additional capital through a combination of private and public equity offerings, debt financings, strategic partnerships and alliances and licensing arrangements. Even if we reach a point where we believe we have sufficient funds for our current or future operating plans, we may seek additional capital due to favorable market conditions or strategic considerations. To the extent that we raise additional capital through the sale of equity or convertible debt securities, stockholders will be diluted, and the terms of these new securities may include liquidation or other preferences that adversely affect stockholders' rights. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring debt, making capital expenditures or declaring dividends. If we raise additional funds through strategic partnerships and alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us.

A substantial portion of our future revenues may be dependent upon our existing and future strategic partnerships.

Our success will depend in significant part on our ability to attract and maintain strategic partners and strategic relationships to support the development and commercialization of our product candidates. As part of our business strategy, we have historically entered, and expect to enter in the future, into strategic partnerships relating to the development and commercialization of product candidates. In these partnerships, we would expect our strategic partner to provide substantial funding, as well as significant capabilities in development, marketing and sales. We may not be successful in entering into any such partnerships on favorable terms, if at all. Even if we do succeed in securing such partnerships, we may not be able to maintain them if, for example, development or approval of a product candidate is delayed or sales of an approved drug are disappointing.

If any of our strategic partners were to terminate their agreements with us, fail to meet their obligations or otherwise decrease their level of efforts, allocation of resources or other commitments under these agreements with us, our future revenues could be negatively impacted and the development and commercialization of product candidates could be interrupted.

In addition, if some or any of the development, regulatory and commercial milestones are not achieved or if certain net sales thresholds are not achieved, as set forth in the respective agreements, we will not fully realize the expected economic benefits of these partnership agreements. Further, the achievement of certain of the milestones under our partnership agreements will depend on factors that are outside of our control and most milestones are not expected to be achieved for several years, if at all. Any failure to successfully maintain our strategic partnership agreements could materially and adversely affect our ability to generate revenues. For example, in February 2014, Astellas gave us notice of its exercise of its right to terminate our collaboration agreement, for strategic reasons, based on the clinical status of tivozanib. As a result, we will not realize any future revenues from our partnership with Astellas.

Furthermore, any delay in entering into strategic partnerships could delay the development and commercialization of our product candidates and reduce their competitiveness, even if they reach the market. Any such delay related to our strategic partnerships could adversely affect our business.

We and certain of our present and former officers and directors have been named as defendants in multiple lawsuits that could result in substantial costs and divert management's attention.

We, and certain of our present and former officers and directors, were named as defendants in a consolidated class action lawsuit initiated in 2013 that generally alleges that we and certain of our present and former officers and directors violated Sections 10(b) and/or 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making allegedly false and/or misleading statements concerning the phase 3 trial design and results for our TIVO-1 study in an effort to lead investors to believe that the drug would receive approval from the FDA. The complaints seek unspecified damages, interest, attorneys' fees, and other costs. Additionally, we received a subpoena from the SEC requesting documents and information concerning tivozanib, including related communications with the FDA, investors and others. Moreover, a plaintiff has filed a derivative complaint allegedly on our behalf, naming us, as a nominal defendant and also naming as defendants present and former members of the our board of directors, alleging breach of fiduciary duty and abuse of control between January 2012 and May 2013 with respect to allegedly misleading statements and omissions regarding tivozanib. The derivative complaint seeks, among other relief, unspecified damages, costs and expenses, including attorneys' fees, an order requiring us to implement certain corporate governance reforms, restitution from the defendants and such other relief as the court might find just and proper.

We intend to engage in a vigorous defense of these lawsuits and are fully cooperating with the SEC regarding its fact-finding inquiry. However, we are unable to predict the outcome of these matters at this time. Moreover, any conclusion of these matters in a manner adverse to us would have a material adverse effect on our financial condition and business. For example, we could incur substantial costs not covered by our directors' and officers' liability insurance, suffer a significant adverse impact on our reputation and divert management's attention and resources from other priorities, including the execution of business plans and strategies that are important to our ability to grow our business, any of which could have a material adverse effect on our business. Additional similar lawsuits might be filed.

Our business is in the preclinical and early clinical testing stage, which may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

All of our product candidates are in preclinical development and clinical testing. We have not yet demonstrated our ability to obtain marketing approvals, manufacture a commercial scale medicine, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialization. Typically, it takes about ten to 15 years to develop one new medicine from the time it is discovered to when it is available for treating patients. 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 preclinical and early clinical testing stage business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. To be profitable, we will need to transition from a company with a research focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

Our failure to successfully discover, acquire, develop and market additional product candidates or approved products could impair our ability to grow.

As part of our strategic plan, we intend to explore further development opportunities, and to develop and market additional products and product candidates. The success of this strategy depends partly upon our ability to identify, select, discover and acquire promising pharmaceutical product candidates and products.

The process of proposing, negotiating and implementing a license or acquisition of a product candidate or approved product is lengthy and complex. Other companies, including some with substantially greater financial, marketing and sales resources, may compete with us for the license or acquisition of product candidates and approved products. We have limited resources to identify and execute the acquisition or in-licensing of third-party products, businesses and technologies and integrate them into our current infrastructure. Moreover, we may devote resources to potential acquisitions or in-licensing opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts. We may not be able to acquire the rights to additional products or product candidates on terms that we find acceptable, or at all.

In addition, future acquisitions may entail numerous operational and financial risks, including:

- exposure to unknown liabilities;
- disruption of our business and diversion of our management's time and attention to develop acquired products, product candidates or technologies;
- incurrence of substantial debt, dilutive issuances of securities or depletion of cash to pay for acquisitions;
- higher than expected acquisition and integration costs;

- difficulty in combining the operations and personnel of any acquired businesses with our operations and personnel;
- increased amortization expenses;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and
- inability to motivate key employees of any acquired businesses.

Further, any product candidate that we acquire will most likely require additional development efforts prior to commercial sale, including extensive clinical testing and approval by the FDA and applicable foreign regulatory authorities. All product candidates are prone to risks of failure typical of pharmaceutical product development, including the possibility that a product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities.

Risks Related to Development, Clinical Testing and Regulatory Approval of Our Drug Candidates

All of our product candidates are still in preclinical and clinical development. Preclinical testing and clinical trials of our product candidates may not be successful, or may not result in approval by the FDA. If we are unable to obtain marketing approval or commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

Development of our product candidates, all of which are still in preclinical and clinical development, is at an early stage and we may not successfully develop a drug candidate that becomes a commercially viable drug. Our ability to generate product revenues, which we do not expect for many years, if ever, will depend heavily on the successful development and eventual commercialization of our product candidates. This process can take many years to complete, requiring the expenditure of substantial resources with highly uncertain results and a high risk of failure. Moreover, positive data from preclinical studies and clinical trials of our product candidates may not be predictive of results in ongoing or subsequent preclinical studies and clinical trials and may not be predictive of success in gaining any regulatory or marketing approvals necessary for commercialization.

The regulatory process can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. If any of our product candidates are not shown to be safe and effective in humans through clinical trials, we and/or our strategic partners will not be able to obtain regulatory approval for such product candidate, and the resulting delays in developing other product candidates and conducting related preclinical studies and clinical trials would have a material adverse effect on our business, financial condition and results of operations.

The success of our product candidates will depend on several factors, many of which are beyond our control, including the following:

- successful enrollment in, and completion of, clinical trials and preclinical studies;
- our ability to demonstrate to the satisfaction of the FDA, and equivalent foreign regulatory agencies, the safety, efficacy and clinically meaningful benefit of our product candidates through completed, ongoing and any future clinical and non-clinical trials;
- our ability to obtain additional funding when needed;
- our ability to maintain collaborations with our strategic partners;
- achieving and maintaining compliance with all regulatory requirements applicable to pharmaceutical products;
- the prevalence and severity of adverse side effects;
- the ability of our third-party manufacturers to manufacture clinical trial and commercial supplies and to develop, validate and maintain commercially viable manufacturing processes that are compliant with current Good Manufacturing Practices, or cGMP;
- the availability, relative cost, safety and efficacy of alternative and competing treatments;
- acceptance of the product by patients, the medical community and third-party payors;
- launching commercial sales of the product, whether alone or in collaboration with others; and
- our ability to avoid third-party patent interference or patent infringement claims.

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.

Any failure or delay in completing clinical trials for our product candidates, or unfavorable results from such trials, may prevent us from obtaining regulatory approval or commercializing product candidates on a timely basis, or at all, which would require us to incur additional costs and delay receipt of any product revenue.

We cannot predict whether we will encounter problems with any of our planned clinical trials that will cause us or regulatory authorities to delay, suspend or terminate those clinical trials. The completion of clinical trials for product candidates may be delayed, suspended or terminated for many reasons, including:

- delays in patient enrollment, and variability in the number and types of patients available for clinical trials, or high drop-out rates of patients in our clinical trials;
- our inability to obtain additional funding when needed;
- delays or failure in reaching agreement on acceptable clinical trial contracts or clinical trial protocols with prospective sites;
- failure of our third-party contractors or our investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner;
- delays or failure in obtaining the necessary approvals from regulators or institutional review boards in order to commence a clinical trial at a prospective trial site, or their suspension or termination of a clinical trial once commenced;
- our inability to manufacture or obtain from third parties materials sufficient to complete our preclinical studies and clinical trials;
- difficulty in maintaining contact with patients after treatment, resulting in incomplete data;
- poor effectiveness of our product candidates during clinical trials, including without limitation, a failure to meet study objectives or obtain the requisite level of statistical significance imposed by the FDA or other regulatory agencies;
- safety issues, including serious adverse events associated with our product candidates;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines; or
- varying interpretations of data by the FDA and similar foreign regulatory agencies.

Clinical trials often require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Our ability to enroll sufficient numbers of patients in our clinical trials depends on many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites, the eligibility criteria for the trial, competing clinical trials, the availability of approved effective drugs and the perception of the efficacy and safety of our product candidates. We may experience delays or difficulties in enrolling patients in our current and planned trials. If we fail to enroll and maintain the number of patients for which the clinical trial was designed, the statistical power of that clinical trial may be reduced which would make it harder to demonstrate that the product candidate being tested in such clinical trial is safe and effective. Additionally, we may not be able to enroll a sufficient number of qualified patients in a timely or cost-effective manner.

We, the FDA, other applicable regulatory authorities or institutional review boards may suspend or terminate clinical trials of a product candidate at any time if we or they believe the patients participating in such clinical trials are being exposed to unacceptable health risks or for other reasons.

Significant clinical trial delays could allow our competitors to obtain marketing approval before we do or shorten the patent protection period during which we may have the exclusive right to commercialize our product candidates. Our product development costs also will increase if we experience delays in completing clinical trials. In addition, it is impossible to predict whether legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes, if any, may be. If we experience any such problems, we may not have the financial resources to continue development of the product candidate that is affected or the development of any of our other product candidates.

If we are not successful in discovering, developing and commercializing additional product candidates, our ability to expand our business and achieve our strategic objectives would be impaired.

A key element of our strategy is to discover, develop and commercialize novel antibody-based products. We are seeking to do so through our internal research programs and intend to explore strategic partnerships for such development. Research programs to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Our research programs may initially show promise in identifying potential product candidates, yet may fail to yield product candidates for clinical development for many reasons, including the following:

- the research methodology used may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete;

- a product candidate may upon further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors.

Even if we receive regulatory approval for any of our product candidates, we will be subject to ongoing FDA requirements and continued regulatory review, which may result in significant additional expense. Additionally, our product candidates, if approved, could be subject to labeling and other restrictions, post-approval requirements and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we or our strategic partners receive for our product candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing requirements and testing, including post-approval clinical trials, surveillance to monitor the safety and efficacy of the product candidate, and implementation of a risk evaluation and mitigation strategy. In addition, if the FDA approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with cGMP and good clinical practices, or GCP, for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by us or our strategic partners, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

Failure to obtain regulatory approval in jurisdictions outside the United States will prevent us from marketing our products abroad.

We intend to market our products, if approved, in international markets, which will require separate regulatory approvals and compliance with numerous and varying regulatory requirements. The approval procedures vary among countries and may involve requirements for additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. In addition, in many countries outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that country. In some cases, the price that we intend to charge for our product is also subject to approval. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or jurisdictions or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. We and our strategic partners may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market.

If we are unable to successfully develop companion diagnostics for certain of our therapeutic product candidates, or experience significant delays in doing so, we may not realize the full commercial potential of these therapeutics.

A component of our business strategy may be to develop, either alone or in collaboration with a third party, companion diagnostics for some of our therapeutic product candidates. There has been limited success to date industry-wide in developing companion diagnostics. To be successful, we or our collaborator will need to address a number of scientific, technical, regulatory and logistical challenges. We have limited experience in the development of diagnostics and may not be successful in developing appropriate diagnostics to pair with any of our therapeutic product candidates that receive marketing approval. The FDA and similar regulatory authorities outside the United States are generally expected to regulate companion diagnostics as medical devices. In each

case, companion diagnostics require separate regulatory approval prior to commercialization. Given our limited experience in developing diagnostics, we expect to rely in part on third parties for their design, development and manufacture. If we, or any third parties that we engage to assist us, are unable to successfully develop companion diagnostics for our therapeutic product candidates, or experience delays in doing so, the development of our therapeutic product candidates may be adversely affected, our therapeutic product candidates may not receive marketing approval and we may not realize the full commercial potential of any therapeutics that receive marketing approval. As a result, our business would be harmed, possibly materially.

Risks Related to Our Business and Industry

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

Our future success depends on our ability to demonstrate and maintain a competitive advantage with respect to the design, development and commercialization of product candidates. Our objective is to design, develop and commercialize new products with superior efficacy, convenience, tolerability and safety. We expect any product candidate that we commercialize with our strategic partners or on our own will compete with existing, market-leading products.

Many of our potential competitors have substantially greater financial, technical and personnel resources than we have and several are already marketing products to treat the same indications, and having the same biological targets, as the product candidates we are developing, including with respect to cachexia. In addition, many of these competitors have significantly greater commercial infrastructures than we have. We will not be able to compete successfully unless we effectively:

- design and develop products that are superior to other products in the market in terms of, among other things, both safety and efficacy;
- attract qualified scientific, medical, sales and marketing and commercial personnel;
- obtain patent and/or other proprietary protection for our processes and product candidates;
- obtain required regulatory approvals;
- obtain favorable reimbursement, formulary and guideline status; and
- collaborate with others in the design, development and commercialization of new products.

Established competitors may invest heavily to quickly discover and develop novel compounds that could make our product candidates obsolete. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to obtain approval, to overcome price competition and to be commercially successful. If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will suffer.

We may not achieve research, development and commercialization goals in the time frames that we publicly estimate, which could have an adverse impact on our business and could cause our stock price to decline.

We set goals, and make public statements regarding our expected timing for certain accomplishments, such as the commencement and completion of preclinical studies, initiation and completion of clinical trials, filing and approval of regulatory applications for our product candidates and other developments and milestones under our research and development programs. The actual timing of these events can vary significantly due to a number of factors, including, without limitation, delays or failures in our and our current and potential future collaborators' preclinical studies or clinical trials, the amount of time, effort and resources committed to our programs by us and our current and potential future collaborators and the uncertainties inherent in the regulatory approval process. As a result, there can be no assurance that our or our current and potential future collaborators' preclinical studies and clinical trials will advance or be completed in the time frames we expect or announce, that we or our current and potential future collaborators will make regulatory submissions or receive regulatory approvals as planned or that we or our current and potential future collaborators will be able to adhere to our current schedule for the achievement of key milestones under any of our programs. If we or any collaborators fail to achieve one or more of the milestones described above as planned, our business could be materially adversely affected and the price of our common stock could decline.

Because we have limited experience in developing and commercializing pharmaceutical products, there is a limited amount of information about us upon which you can evaluate our business and prospects.

Although certain of our individual employees may have extensive experience in developing and commercializing pharmaceutical products, as an organization we have limited experience in developing and commercializing pharmaceutical products and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical area. For example, to execute our business plan, we will need to successfully:

- execute product development activities;
- obtain required regulatory approvals for the development and commercialization of our product candidates;
- build and maintain a strong intellectual property portfolio;
- build and maintain robust sales, distribution, reimbursement and marketing capabilities;
- obtain reimbursement and gain market acceptance for our products;
- develop and maintain successful strategic relationships and partnerships; and
- manage our spending as costs and expenses increase due to clinical trials, regulatory approvals and commercialization.

If we are unsuccessful in accomplishing these objectives, we may not be able to develop product candidates, raise capital, expand our business or continue our operations.

If we fail to attract and keep senior management and key scientific personnel, we may be unable to successfully develop our product candidates, conduct our clinical trials and commercialize our product candidates.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, as well as others on our management team. The loss of services of any of these individuals or one or more of our other members of management could delay or prevent the successful development of our product pipeline, the completion of our planned clinical trials or the commercialization of our product candidates. We do not carry "key person" insurance covering any members of our senior management. Our employment arrangements with all of these individuals are "at will," meaning they or we can terminate their service at any time.

We face intense competition for qualified individuals from numerous pharmaceutical and biotechnology companies, universities, governmental entities and other research institutions, many of which have substantially greater resources with which to reward qualified individuals than we do. We may face challenges in retaining our existing senior management and key employees and recruiting new employees to join our company as our business needs change. We may be unable to attract and retain suitably qualified individuals, and our failure to do so could have an adverse effect on our ability to implement our future business plans.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with manufacturing standards we have established, to comply with federal and state health-care fraud and abuse laws and regulations, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

In addition, during the course of our operations, our directors, executives and employees may have access to material, nonpublic information regarding our business, our results of operations or potential transactions we are considering. Despite the adoption of an Insider Trading Policy, we may not be able to prevent a director, executive or employee from trading in our common stock on the basis of, or while having access to, material, nonpublic information. If a director, executive or employee was to be investigated, or an action was to be brought against a director, executive or employee for insider trading, it could have a negative impact on our reputation and our stock price. Such a claim, with or without merit, could also result in substantial expenditures of time and money, and divert attention of our management team from other tasks important to the success of our business.

We may encounter difficulties in managing our growth and expanding our operations successfully.

As we seek to advance our product candidates through clinical trials and commercialization, we may need to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, administrative and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

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

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

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

Our inability to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop. We currently carry product liability insurance covering our clinical studies in the amount of $20 million in the aggregate. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts.

We may incur significant costs complying with environmental laws and regulations, and failure to comply with these laws and regulations could expose us to significant liabilities.

We use hazardous chemicals and radioactive and biological materials in certain aspects of our business and are subject to a variety of federal, state and local laws and regulations governing the use, generation, manufacture, distribution, storage, handling, treatment and disposal of these materials. Although we believe our safety procedures for handling and disposing of these materials and waste products comply with these laws and regulations, we cannot eliminate the risk of accidental injury or contamination from the use, manufacture, distribution, storage, handling, treatment or disposal of hazardous materials. In the event of contamination or injury, or failure to comply with environmental, occupational health and safety and export control laws and regulations, we could be held liable for any resulting damages and any such liability could exceed our assets and resources. We do not maintain insurance for any environmental liability or toxic tort claims that may be asserted against us.

Risks Related to Commercialization of Our Product Candidates

We have limited sales, marketing, reimbursement and distribution experience and we will have to invest significant resources to develop those capabilities.

We have limited sales, marketing, reimbursement and distribution experience. To develop these capabilities, we will have to invest significant amounts of financial and management resources, some of which will be committed prior to any confirmation that any of our product candidates will be approved for commercial sale. We could face a number of additional risks in developing our commercial infrastructure, including:

- we may not be able to attract and build an effective marketing or sales force;
- the cost of establishing a marketing or sales force may not be justifiable in light of the revenues generated by any particular product; and
- our direct sales and marketing efforts may not be successful.

Furthermore, we may elect in the future to utilize strategic partners or contract sales forces to assist in the commercialization of other products, if approved. We may have limited or no control over the sales, marketing and distribution activities of these third parties. Our future revenues may depend heavily on the success of the efforts of these third parties.

Our commercial success depends upon attaining significant market acceptance of our product candidates, if approved, including among physicians, patients, healthcare payors and, in the cancer market, acceptance by the major operators of cancer clinics.

Even if one of our product candidates obtains regulatory approval, the product may not gain market acceptance among physicians, healthcare payors, patients and the medical community. Market acceptance of any products for which we receive approval depends on a number of factors, including:

- the efficacy and safety of the product candidate, as demonstrated in clinical trials;
- the clinical indications for which the drug is approved;
- acceptance by physicians, major operators of cancer clinics, healthcare payors, physician networks and patients of the drug as a safe and effective treatment;
- the potential and perceived advantages over alternative treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate reimbursement and pricing by third parties and government authorities;
- the continued projected growth of oncology drug markets;
- relative convenience and ease of administration;
- the prevalence and severity of adverse side effects; and
- the effectiveness of our sales and marketing efforts.

If our approved drugs fail to achieve market acceptance, we would not be able to generate significant revenue.

Reimbursement may be limited or unavailable in certain market segments for our product candidates, which could make it difficult for us to sell any approved products profitably.

Market acceptance and sales of our product candidates will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for any of our product candidates and may be affected by existing and future healthcare reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs they will pay for and establish reimbursement levels. Reimbursement by a third-party payor may depend upon a number of factors, including the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time-consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data for the use of our products to the payor. We may not be able to provide data sufficient to gain acceptance with respect to coverage and

reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for any of our product candidates. Also, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, our products. If reimbursement is not available or is available only to limited levels, we may not be able to commercialize certain of our products.

In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could impact our ability to sell our products profitably. In particular, the Medicare Modernization Act of 2003 revised the payment methodology for many products under Medicare. This has resulted in lower rates of reimbursement. There have been numerous other federal and state initiatives designed to reduce payment for pharmaceuticals.

As a result of legislative proposals and the trend towards managed healthcare in the United States, third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement of new drugs. They may also refuse to provide any coverage of approved products for medical indications other than those for which the FDA has granted market approvals. As a result, significant uncertainty exists as to whether and how much third-party payors will reimburse patients for their use of newly approved drugs, which in turn will put pressure on the pricing of drugs. We expect to experience pricing pressures in connection with the sale of any products we may develop or commercialize due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, additional legislative proposals, as well as country, regional, or local healthcare budget limitations. Any products that we may develop or commercialize may not be considered cost-effective, and coverage and reimbursement may not be available or sufficient to allow us to sell our products on a profitable basis.

Foreign governments may impose price controls, which may adversely affect our future profitability.

We and our strategic partners intend to seek approval to market our future products in both the United States and in foreign jurisdictions. If approval is obtained in one or more foreign jurisdictions, we and our strategic partners will be subject to rules and regulations in those jurisdictions relating to our product. In some foreign countries, particularly in countries in the European Union, the pricing of prescription pharmaceuticals and biologics is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product candidate. If reimbursement of our future products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

Healthcare reform measures could hinder or prevent our product candidates' commercial success.

The U.S. government and other governments have shown significant interest in pursuing healthcare reform. Any government-adopted reform measures could adversely impact the pricing of healthcare products and services in the U.S. or internationally and the amount of reimbursement available from governmental agencies or other third-party payors. The continuing efforts of the U.S. and foreign governments, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce healthcare costs may adversely affect our ability to set prices which we believe are fair for any products we may develop and commercialize, and our ability to generate revenues and achieve and maintain profitability.

New laws, regulations and judicial decisions, or new interpretations of existing laws, regulations and decisions, that relate to healthcare availability, methods of delivery or payment for products and services, or sales, marketing or pricing, may limit our potential revenue, and we may need to revise our research and development programs. The pricing and reimbursement environment may change in the future and become more challenging due to several reasons, including policies advanced by the U.S. government, new healthcare legislation or fiscal challenges faced by government health administration authorities. Specifically, in both the U.S. and some foreign jurisdictions, there have been a number of legislative and regulatory proposals and initiatives to change the healthcare system in ways that could affect our ability to sell any products we may develop and commercialize profitably. Some of these proposed and implemented reforms could result in reduced reimbursement rates for our potential products, which would adversely affect our business strategy, operations and financial results.

For example, in March 2010, President Obama signed into law a legislative overhaul of the U.S. healthcare system, known as the Patient Protection and Affordable Care Act of 2010, as amended by the Healthcare and Education Affordability Reconciliation Act of 2010, or the PPACA, which may have far reaching consequences for life science companies like us. As a result of this legislation, substantial changes could be made to the current system for paying for healthcare in the United States, including changes made in order to extend medical benefits to those who currently lack insurance coverage. Extending coverage to a large population could substantially change the structure of the health insurance system and the methodology for reimbursing medical services, drugs and devices. These structural changes could entail modifications to the existing system of private payors and government programs, such as Medicare and Medicaid, creation of a government-sponsored healthcare insurance source, or some combination of both, as well as other changes. Restructuring the coverage of medical care in the United States could impact the reimbursement for prescribed drugs, biopharmaceuticals, medical devices, or our product candidates. If reimbursement for our approved product candidates, if any, is substantially less that we expect in the future, or rebate obligations associated with them are substantially increased, our business could be materially and adversely impacted.

Further federal and state proposals and healthcare reforms could limit the prices that can be charged for the product candidates that we develop and may further limit our commercial opportunity. Our results of operations could be materially adversely affected by the PPACA, by Medicare prescription drug coverage legislation, by the possible effect of such current or future legislation on amounts that private insurers will pay and by other healthcare reforms that may be enacted or adopted in the future.

Risks Related to Our Dependence on Third Parties

We may not be successful in establishing and maintaining additional strategic partnerships, which could adversely affect our ability to develop and commercialize products.

In addition to our current strategic partnerships, a part of our strategy is to enter into additional strategic partnerships in the future, including alliances with major biotechnology or pharmaceutical companies. We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for any product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early of a stage of development for collaborative effort and/or third parties may not view our product candidates and programs as having the requisite potential to demonstrate safety and efficacy. Even if we are successful in our efforts to establish new strategic partnerships, the terms that we agree upon may not be favorable to us and we may not be able to maintain such strategic partnerships if, for example, development or approval of a product candidate is delayed or sales of an approved product are disappointing. Any delay in entering into new strategic partnership agreements related to our product candidates could have an adverse effect on our business or our operating plan, including delaying the development and commercialization of our product candidates.

Moreover, if we fail to establish and maintain additional strategic partnerships related to our product candidates:

- the development of certain of our current or future product candidates may be terminated or delayed;
- our cash expenditures related to development of certain of our current or future product candidates would increase significantly and we may need to seek additional financing;
- we may be required to hire additional employees or otherwise develop expertise, such as sales and marketing expertise, for which we have not budgeted; and
- we will bear all of the risk related to the development of any such product candidates.

In addition, if we fail to establish and maintain additional strategic partnerships involving our Human Response Platform, we would not realize its potential as a means of identifying and validating targets for new cancer therapies in collaboration with strategic partners or of identifying biomarkers to aid in the development of our strategic partners' drug candidates.

If any of our current or future strategic partners fails to perform its obligations or terminates its agreement with us, the development and commercialization of the product candidates under such agreement could be delayed or terminated and our business could be substantially harmed.

As part of our business strategy, we plan to enter into additional strategic partnerships in the future. If any current or future strategic partners do not devote sufficient time and resources to its arrangements with us, we may not realize the potential commercial benefits of the arrangement, and our results of operations may be adversely affected. In addition, if any strategic partner were to breach or terminate its arrangements with us, the development and commercialization of the affected product candidate could be delayed, curtailed or terminated because we may not have sufficient financial resources or capabilities to continue development and commercialization of the product candidate on its own, and we may find it difficult to attract a new alliance partner for such product candidate. For example, Biodesix can opt-out of its agreement with us after the completion of the proof of concept trial prior to the first commercial sale of ficlatuzumab, at which point Biodesix shall not be responsible for any future costs associated in developing and commercializing ficlatuzumab other than any ongoing clinical studies.

Much of the potential revenue from any strategic partnership we may enter into in the future will likely consist of contingent payments, such as royalties payable on sales of any successfully developed drugs. Any such contingent revenue will depend upon our, and our strategic partners', ability to successfully develop, introduce, market and sell new drugs. In some cases, we will not be involved in these processes, and we will depend entirely on our strategic partners. Any of our future strategic partners may fail to develop or effectively commercialize these drugs because it:

- decides not to devote the necessary resources because of internal constraints, such as limited personnel with the requisite scientific expertise, limited cash resources or specialized equipment limitations, or the belief that other product candidates may have a higher likelihood of obtaining regulatory approval or may potentially generate a greater return on investment;
- does not have sufficient resources necessary to carry the product candidate through clinical development, regulatory approval and commercialization; or
- cannot obtain the necessary regulatory approvals.

If one or more of our strategic partners fails to develop or effectively commercialize product candidates for any of the foregoing reasons, we may not be able to replace the strategic partner with another partner to develop and commercialize a product candidate under the terms of the strategic partnership. We may also be unable to obtain, on terms acceptable to us, a license from such strategic partner to any of its intellectual property that may be necessary or useful for us to continue to develop and commercialize a product candidate. Any of these events could have a material adverse effect on our business, results of operations and our ability to achieve future profitability, and could cause our stock price to decline.

We rely on third-party manufacturers to produce our preclinical and clinical drug supplies and we intend to rely on third parties to produce commercial supplies of any approved product candidates. Any failure by a third-party manufacturer to produce supplies for us may delay or impair our ability to complete our clinical trials or commercialize our product candidates.

We have relied upon third-party manufacturers for the manufacture of our product candidates for preclinical and clinical testing purposes and intend to continue to do so in the future. If we are unable to arrange for third-party manufacturing sources, or to do so on commercially reasonable terms, we may not be able to complete development of such other product candidates or market them.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured product candidates ourselves, including reliance on the third party for regulatory compliance and quality assurance, the possibility of breach of the manufacturing agreement by the third party because of factors beyond our control (including a failure to synthesize and manufacture our product candidates in accordance with our product specifications), failure of the third party to accept orders for supply of drug substance or drug product and the possibility of termination or nonrenewal of the agreement by the third-party, based on its own business priorities, at a time that is costly or damaging to us. In addition, the FDA and other regulatory authorities require that our product candidates be manufactured according to cGMP and similar foreign standards. Any failure by our third-party manufacturers to comply with cGMP or failure to scale-up manufacturing processes as needed, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates. In addition, such failure could be the basis for action by the FDA to withdraw approvals for product candidates previously granted to us and for other regulatory action, including recall or seizure, fines, imposition of operating restrictions, total or partial suspension of production or injunctions.

We rely on our manufacturers to purchase from third-party suppliers the materials necessary to produce our product candidates for our clinical studies. There are a small number of suppliers for certain capital equipment and raw materials that we use to manufacture our drugs. Such suppliers may not sell this capital equipment or these raw materials to our manufacturers at the times we need them or on commercially reasonable terms. We do not have any control over the process or timing of the acquisition of this capital equipment or these raw materials by our manufacturers. Moreover, we currently do not have any agreements for the commercial production of these raw materials. Any significant delay in the supply of a product candidate or the raw material components thereof for an ongoing clinical trial due to the need to replace a third-party manufacturer could considerably delay completion of our clinical studies, product testing and potential regulatory approval of our product candidates. If our manufacturers or we are unable to purchase these raw materials after regulatory approval has been obtained for our product candidates, the commercial launch of our product candidates would be delayed or there would be a shortage in supply, which would impair our ability to generate revenues from the sale of our product candidates.

Because of the complex nature of many of our early stage compounds and product candidates, our manufacturers may not be able to manufacture such compounds and product candidates at a cost or in quantities or in a timely manner necessary to develop and commercialize related products. If we successfully commercialize any of our drugs, we may be required to establish or access large-scale commercial manufacturing capabilities. In addition, as our drug development pipeline increases and matures, we will have a greater need for clinical trial and commercial manufacturing capacity. We do not own or operate manufacturing facilities for the production of clinical or commercial quantities of our product candidates and we currently have no plans to build our own clinical or commercial scale manufacturing capabilities. To meet our projected needs for commercial manufacturing in the event that one or more of our product candidates gains marketing approval, third parties with whom we currently work will need to increase their scale of production or we will need to secure alternate suppliers.

We rely on third parties to conduct preclinical and clinical trials for our product candidates, and if they do not properly and successfully perform their obligations to us, we may not be able to obtain regulatory approvals for our product candidates.

We, in consultation with our strategic partners, where applicable, design the clinical trials for our product candidates, but we rely on contract research organizations and other third parties to assist us in managing, monitoring and otherwise carrying out many of these trials. We compete with larger companies for the resources of these third parties.

Although we rely on these third parties to conduct many of our clinical trials, we are responsible for ensuring that each of our clinical trials is conducted in accordance with its general investigational plan and protocol. Moreover, the FDA and foreign regulatory agencies require us to comply with regulations and standards, commonly referred to as good clinical practices, for designing, conducting, monitoring, recording, analyzing, and reporting the results of clinical trials to assure that the data and results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Our reliance on third parties that we do not control does not relieve us of these responsibilities and requirements.

The third parties on whom we rely generally may terminate their engagements with us at any time. If we are required to enter into alternative arrangements because of any such termination, the introduction of our product candidates to market could be delayed.

If these third parties do not successfully carry out their duties under their agreements with us, if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to our clinical trial protocols or regulatory requirements, or if they otherwise fail to comply with clinical trial protocols or meet expected deadlines, our clinical trials may not meet regulatory requirements. If our clinical trials do not meet regulatory requirements or if these third parties need to be replaced, our preclinical development activities or clinical trials may be extended, delayed, suspended or terminated. If any of these events occur, we may not be able to obtain regulatory approval of our product candidates and our reputation could be harmed.

Risks Related to Our Intellectual Property Rights

We could be unsuccessful in obtaining adequate patent protection for one or more of our product candidates.

We cannot be certain that patents will be issued or granted with respect to applications that are currently pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable. The patent position of biotechnology and pharmaceutical companies is generally uncertain because it involves complex legal and factual considerations. The standards applied by the United States Patent and Trademark Office and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology and pharmaceutical patents. Consequently, patents may not issue from our pending patent applications. As such, we do not know the degree of future protection that we will have on our proprietary products and technology. The scope of patent protection that the U.S. Patent and Trademark Office will grant with respect to the antibodies in our antibody product pipeline is uncertain. It is possible that the U.S. Patent and Trademark Office will not allow broad antibody claims that cover closely related antibodies as well as the specific antibody. Upon receipt of FDA approval, competitors would be free to market antibodies almost identical to ours, thereby decreasing our market share.

Issued patents covering one or more of our products could be found invalid or unenforceable if challenged in court.

If we or one of our corporate partners were to initiate legal proceedings against a third-party to enforce a patent covering one of our products, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the U.S. Patent and Trademark Office, or made a misleading statement, during prosecution. Although we have conducted due diligence on patents we have exclusively in-licensed, and we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on one of our products or certain aspects of our Human Response Platform. Such a loss of patent protection could have a material adverse impact on our business.

Claims that our platform technologies, our products or the sale or use of our products infringe the patent rights of third parties could result in costly litigation or could require substantial time and money to resolve, even if litigation is avoided.

We cannot guarantee that our platform technologies, our products, or the use of our products, do not infringe third-party patents. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets. Such third parties might resort to litigation against us. The basis of such litigation could be existing patents or patents that issue in the future.

It is also possible that we failed to identify relevant third-party patents or applications. For example, applications filed before November 29, 2000 and certain applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing, which is referred to as the priority date. Therefore, patent applications covering our products or platform technology could have been filed by others without our knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our products or the use of our products.

With regard to tivozanib, we are aware of a third-party United States patent, and corresponding foreign counterparts, that contain broad claims related to use of an organic compound, that, among other things, inhibits the tyrosine phosphorylation of a VEGF receptor caused by VEGF binding to such VEGF receptor. Additionally, tivozanib falls within the scope of certain pending patent applications that have broad generic disclosure and disclosure of certain compounds possessing structural similarities to tivozanib. Although we believe it is unlikely that such applications will lead to issued claims that would cover tivozanib and still be valid in view

of the prior art, patent prosecution is inherently unpredictable. We are also aware of third-party United States patents that contain broad claims related to the use of a tyrosine kinase inhibitor in combination with a DNA damaging agent such as chemotherapy or radiation and we have received written notice from the owners of such patents indicating that they believe we may need a license from them in order to avoid infringing their patents. With regard to ficlatuzumab, we are aware of two separate families of United States patents, United States patent applications and foreign counterparts, with each of the two families being owned by a different third-party, that contain broad claims related to anti-HGF antibodies having certain binding properties and their use. With regard to AV-203, we are aware of a third-party United States patent that contains broad claims relating to anti-ErbB3 antibodies. With regard to GDF-15, we are aware of a United States patent that contains claims related to antibodies binding to GDF-15 protein, which is set to expire in 2014. Based on our analyses, if any of the above third-party patents were asserted against us, we do not believe our proposed products or activities would be found to infringe any valid claim of these patents. If we were to challenge the validity of any issued United States patent in court, we would need to overcome a statutory presumption of validity that attaches to every United States patent. This means that in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. There is no assurance that a court would find in our favor on questions of infringement or validity.

In order to avoid or settle potential claims with respect to any of the patent rights described above or any other patent rights of third parties, we may choose or be required to seek a license from a third-party and be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our strategic partners were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms. This could harm our business significantly.

Defending against claims of patent infringement or misappropriation of trade secrets could be costly and time-consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs. In addition, litigation or threatened litigation could result in significant demands on the time and attention of our management team, distracting them from the pursuit of other company business.

Unfavorable outcomes in intellectual property litigation could limit our research and development activities and/or our ability to commercialize certain products.

If third parties successfully assert intellectual property rights against us, we might be barred from using aspects of our technology platform, or barred from developing and commercializing related products. Prohibitions against using specified technologies, or prohibitions against commercializing specified products, could be imposed by a court or by a settlement agreement between us and a plaintiff. In addition, if we are unsuccessful in defending against allegations of patent infringement or misappropriation of trade secrets, we may be forced to pay substantial damage awards to the plaintiff. There is inevitable uncertainty in any litigation, including intellectual property litigation. There can be no assurance that we would prevail in any intellectual property litigation, even if the case against us is weak or flawed. If litigation leads to an outcome unfavorable to us, we may be required to obtain a license from the patent owner in order to continue our research and development programs or to market our product(s). It is possible that the necessary license will not be available to us on commercially acceptable terms, or at all. This could limit our research and development activities, our ability to commercialize specified products, or both.

Most of our competitors are larger than we are and have substantially greater resources. They are, therefore, likely to be able to sustain the costs of complex patent litigation longer than we could. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to continue our clinical trials, continue our internal research programs, in-license needed technology, or enter into strategic partnerships that would help us bring our product candidates to market.

In addition, any future patent litigation, interference or other administrative proceedings will result in additional expense and distraction of our personnel. An adverse outcome in such litigation or proceedings may expose us or our strategic partners to loss of our proprietary position, expose us to significant liabilities, or require us to seek licenses that may not be available on commercially acceptable terms, if at all.

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

During the course of any patent litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our products, programs, or intellectual property could be diminished. Accordingly, the market price of our common stock may decline.

AV-380 and tivozanib are protected by patents exclusively licensed from other companies or institutions. If the licensors terminate the licenses or fail to maintain or enforce the underlying patents, our competitive position and our market share in the markets for any of our approved products will be harmed.

We are a party to several license agreements under which certain aspects of our business depend on patents and/or patent applications owned by other companies or institutions. In particular, we hold exclusive licenses from St. Vincent's for therapeutic applications that benefit from inhibition or decreased expression or activity of MIC-1, which we refer to as GDF-15 and which we are using in our AV-380 program and from KHK for tivozanib. We are likely to enter into additional license agreements as part of the development of our business in the future. Our licensors may not successfully prosecute certain patent applications under which we are licensed and on which our business depends. Even if patents issue from these applications, our licensors may fail to maintain these patents, may decide not to pursue litigation against third-party infringers, may fail to prove infringement, or may fail to defend against counterclaims of patent invalidity or unenforceability. In addition, in spite of our best efforts, our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to obtain regulatory approval and to market products covered by these license agreements. If these in-licenses are terminated, or if the underlying patents fail to provide the intended market exclusivity, competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours. This could have a material adverse effect on our competitive business position and our business prospects.

We could be unsuccessful in obtaining patent protection on one or more components of our technology platform.

We believe that an important factor in our competitive position relative to other companies in the field of targeted oncology therapeutics is our proprietary Human Response Platform. This platform is useful for identifying new targets for drug discovery, confirming that newly-identified drug targets actually play a role in cancer, testing new compounds for effectiveness as drugs, and identifying traits useful for predicting which patients will respond to which drugs. We own issued U.S. patents covering our chimeric model technology, directed complementation technology, and our reconstituted human breast tumor model. There is no guarantee that any of our pending patent applications, in the United States or elsewhere, will result in issued patents, and, even if patents eventually issue, there is no certainty that the claims in the eventual patents will have adequate scope to preserve our competitive position. Third parties might invent alternative technologies that would substitute for our technology platform while being outside the scope of the patents covering our platform technology. By successfully designing around our patented technology, third parties could substantially weaken our competitive position in oncology research and development.

Confidentiality agreements with employees and third parties may not prevent unauthorized disclosure of trade secrets and other proprietary information.

In addition to patents, we rely on trade secrets, technical know-how, and proprietary information concerning our business strategy in order to protect our competitive position in the field of oncology. In the course of our research, development and business activities, we often rely on confidentiality agreements to protect our proprietary information. Such confidentiality agreements are used, for example, when we talk to vendors of laboratory or clinical development services or potential strategic partners. In addition, each of our employees is required to sign a confidentiality agreement upon joining our company. We take steps to protect our proprietary information, and we seek to carefully draft our confidentiality agreements to protect our proprietary interests. Nevertheless, there can be no guarantee that an employee or an outside party will not make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures.

Trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, or outside scientific collaborators might intentionally or inadvertently disclose our trade secret information to competitors. Enforcing a claim that a third-party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States sometimes are less willing than U.S. courts to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how.

Our research and development strategic partners may have rights to publish data and other information to which we have rights. In addition, we sometimes engage individuals or entities to conduct research relevant to our business. The ability of these individuals or entities to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to certain contractual limitations. These contractual provisions may be insufficient or inadequate to protect our confidential information. If we do not apply for patent protection prior to such publication, or if we cannot otherwise maintain the confidentiality of our proprietary technology and other confidential information, then our ability to obtain patent protection or to protect our trade secret information may be jeopardized.

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

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

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

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharma industry involve both technological complexity and legal complexity. Therefore, obtaining and enforcing biopharma patents is costly, time-consuming and inherently uncertain. In addition, several recent events have increased uncertainty with regard to our ability to obtain patents in the future and the value of patents once obtained. Among these, in September 2011, patent reform legislation passed by Congress was signed into law. The new patent law introduces changes including a first-to-file system for determining which inventors may be entitled to receive patents, and a new post-grant review process that allows third parties to challenge newly issued patents. It remains to be seen how the biopharma industry will be affected by such changes in the patent system. In addition, the Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in specified circumstances or weakening the rights of patent owners in specified situations. Depending on decisions by the U.S. Congress, the federal courts, and the U.S. Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future

Risks Related to Ownership of Our Common Stock

The market price of our common stock has been, and is likely to continue to be, highly volatile, and could fall below the price you paid. A significant decline in the value of our stock price could also result in securities class-action litigation against us.

The market price of our common stock has been, and is likely to continue to be, highly volatile and subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including:

- new products, product candidates or new uses for existing products introduced or announced by our strategic partners, or our competitors, and the timing of these introductions or announcements;
- actual or anticipated results from and any delays in our clinical trials;
- results of regulatory reviews relating to the approval of our product candidates;
- the results of our efforts to discover, develop, acquire or in-license additional product candidates or products;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- announcements by us of material developments in our business, financial condition and/or operations;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures and capital commitments;
- additions or departures of key scientific or management personnel;

- conditions or trends in the biotechnology and biopharmaceutical industries;
- actual or anticipated changes in earnings estimates, development timelines or recommendations by securities analysts;
- general economic and market conditions and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies; and
- sales of common stock by us or our stockholders in the future, as well as the overall trading volume of our common stock.

In addition, the stock market in general and the market for biotechnology and biopharmaceutical companies in particular have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

In the past, following periods of volatility in the market, such as the volatility in our stock price following our May 2, 2013 announcement regarding the ODAC vote, securities class-action litigation has often been instituted against companies. For example, we, and certain of our executive officers, have been named as defendants in a consolidated purported class action lawsuit following our announcement of the ODAC vote. See "Part II, Item 1—Legal Proceedings" and "—We and certain of our executive officers have been named as defendants in a class action lawsuit that could result in substantial costs and divert management's attention." These proceedings and other similar litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business and financial condition.

Our executive officers, directors, entities affiliated with such executive officers and directors, and certain other significant stockholders own a significant percentage of our stock and may be able to exercise significant influence over matters subject to stockholder approval.

To our knowledge, as of March 31, 2014, our executive officers, directors, entities affiliated with such executive officers and directors, and certain other significant stockholders, owned approximately 18% of our common stock, including shares subject to outstanding options that are exercisable within 60 days after March 31, 2014. These stockholders, acting together or individually, may be able to exert influence over our management and affairs and over matters requiring stockholder approval, including the election of our board of directors and approval of significant corporate transactions. This concentration of ownership could have the effect of delaying or preventing a change in control of our company or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material and adverse effect on the market price of our common stock.

Our management has broad discretion over use of available cash and cash equivalents and might not spend our available cash and cash equivalents in ways that increase the value of your investment.

Our management has broad discretion on where and how to use our cash and cash equivalents and you will be relying on the judgment of our management regarding the application of our available cash and cash equivalents to fund our operations. Our management might not apply our cash or cash equivalents in ways that increase the value of your investment. We expect to use a substantial portion of our cash to fund existing and future research and development of our preclinical and clinical product candidates, with the balance, if any, to be used for working capital and other general corporate purposes, which may in the future include investments in, or acquisitions of, complementary businesses, joint ventures, partnerships, services or technologies. Our management might not be able to yield a significant return, if any, on any investment of this cash. You will not have the opportunity to influence our decisions on how to use our cash reserves.

Fluctuations in our quarterly operating results could adversely affect the price of our common stock.

Our quarterly operating results may fluctuate significantly. Some of the factors that may cause our operating results to fluctuate on a period-to-period basis include:

- the status of our preclinical and clinical development programs;
- the level of expenses incurred in connection with our preclinical and clinical development programs, including development and manufacturing costs relating to our preclinical and clinical development candidates;
- any intellectual property infringement lawsuit or other litigation in which we may become involved;
- the implementation of restructuring and cost-savings strategies;
- the implementation or termination of collaboration, licensing, manufacturing or other material agreements with third parties, and non-recurring revenue or expenses under any such agreement;
- costs associated with lawsuits against us, including the current purported class action lawsuits described elsewhere in this Quarterly Report under "Part II, Item 1—Legal Proceedings;"

- changes in our loan agreement with Hercules, including the existence of any event of default that may accelerate payments due thereunder; and
- compliance with regulatory requirements.

Period-to-period comparisons of our historical and future financial results may not be meaningful, and investors should not rely on them as an indication of future performance. Our fluctuating results may fail to meet the expectations of securities analysts or investors. Our failure to meet these expectations may cause the price of our common stock to decline.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price.

As widely reported, global credit and financial markets have been experiencing extreme volatility, and in some cases, disruptions, over the past several years, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability, in many cases, over extended periods. Though certain of these trends have recently showed signs of reversing, there can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by the current adverse economic conditions and volatile business environment and continued unpredictable and unstable market conditions. If the equity and credit markets do not continue to improve, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, manufacturers or other partners may not survive these economically turbulent times, which could directly affect our ability to attain our operating goals on schedule and on budget.

At March 31, 2014, we had $88.3 million of cash, cash equivalents and marketable securities consisting of cash on deposit with banks, money market funds, U.S. government agency securities, asset-backed securities, asset-backed commercial paper and corporate debt securities, including commercial paper. As of the date of this report, we are not aware of any downgrades, material losses, or other significant deterioration in the fair value of our cash equivalents or marketable securities. However, no assurance can be given that deterioration in conditions of the global credit and financial markets would not negatively impact our current portfolio of cash equivalents or marketable securities or our ability to meet our financing objectives. Dislocations in the credit market may adversely impact the value and/or liquidity of cash equivalents or marketable securities owned by us.

There is a possibility that our stock price may decline because of volatility of the stock market and general economic conditions.

Future sales of shares of our common stock, including shares issued upon the exercise of currently outstanding options, could negatively affect our stock price.

A substantial portion of our outstanding common stock can be traded without restriction at any time. Some of these shares are currently restricted as a result of securities laws, but will be able to be sold, subject to any applicable volume limitations under federal securities laws with respect to affiliate sales, in the near future. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell such shares, could reduce the market price of our common stock. In addition, we have a significant number of shares that are subject to outstanding options. The exercise of these options and the subsequent sale of the underlying common stock could cause a further decline in our stock price. These sales also might make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Provisions in our certificate of incorporation, our by-laws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our common stock.

Provisions of our certificate of incorporation, our by-laws or Delaware law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interest. These provisions include:

- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to act by written consent or to call special meetings;
- the ability of our board of directors to make, alter or repeal our by-laws; and

- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used to institute a rights plan, or a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors.

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

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that a stockholder could receive a premium for shares of our common stock held by a stockholder in an acquisition.

Our business could be negatively affected as a result of the actions of activist shareholders.

Proxy contests have been waged against many companies in the biopharmaceutical industry over the last few years. If faced with a proxy contest, we may not be able to successfully respond to the contest, which would be disruptive to our business. Even if we are successful, our business could be adversely affected by a proxy contest because:

- responding to proxy contests and other actions by activist shareholders may be costly and time-consuming, and may disrupt our operations and divert the attention of management and our employees;
- perceived uncertainties as to the potential outcome of any proxy contest may result in our inability to consummate potential acquisitions, collaborations or in-licensing opportunities and may make it more difficult to attract and retain qualified personnel and business partners; and
- if individuals that have a specific agenda different from that of our management or other members of our board of directors are elected to our board as a result of any proxy contest, such an election may adversely affect our ability to effectively and timely implement our strategic plan and create additional value for our stockholders.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our ability to produce accurate financial statements and on our stock price.

Section 404 of the Sarbanes-Oxley Act of 2002 requires us, on an annual basis, to review and evaluate our internal controls, and requires our independent registered public accounting firm to attest to the effectiveness of our internal controls. Despite our efforts, we can provide no assurance as to our, or our independent registered public accounting firm's, conclusions with respect to the effectiveness of our internal control over financial reporting under Section 404. There is a risk that neither we nor our independent registered public accounting firm will be able to continue to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We do not expect to pay any cash dividends for the foreseeable future.

You should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, our ability to pay cash dividends is currently prohibited by the terms of our debt financing arrangements and any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our common stock.

Item 5. Other Information

On June 4, 2013, the Company filed a Current Report on Form 8-K reporting under Item 2.05, Costs Associated with Exit or Disposal Activities, that the Company was continuing to review the potential impact of its June 2013 restructuring, specifically with respect to its facilities requirements after the restructuring and alternatives with respect to its lease commitments for its headquarters and laboratory space in Cambridge, Massachusetts, and that the Company was unable to estimate any additional restructuring costs or charges at that time.

On May 6, 2014, in connection with the preparation of this Quarterly Report on Form 10-Q, the Company determined that it was required to record a charge of $3.9 million for the three months ended March 31, 2014 associated with the portion of its 650 E. Kendall Street facility that the Company ceased using. At this time, the Company is unable to estimate any additional restructuring costs or charges associated with its lease exit activities. If the Company subsequently determines that it will incur additional material costs and restructuring charges, it will file a further amendment to the Current Report on Form 8-K filed on June 4, 2013.

Item 6. Exhibits.

The exhibits listed in the Exhibit Index to this Quarterly Report on Form 10-Q are incorporated herein by reference.

SIGNATURES

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

AVEO PHARMACEUTICALS, INC.

Date: May 7, 2014

By: /S/ TUAN HA-NGOC

Tuan Ha-Ngoc
President, Chief Executive Officer, Acting Chief Financial Officer and principal financial and accounting officer

Table of Contents

Exhibit Index

Exhibit Number	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File Number	Date of Filing	Exhibit Number	
10.1†	Amendment No. 1 to Option and License Agreement, dated as of March 18, 2014 by and between the Registrant and Biogen Idec MA Inc.					X
10.2†	Co-Development and Collaboration Agreement, dated as of April 9, 2014 by and between the Registrant and Biodesix Inc.					X
10.3	Letter Agreement regarding Retention Bonus Award and Severance Agreement, dated February 3, 2014, by and between the Registrant and Jeno Gyuris					X
31.1	Certification of principal executive officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.					X
31.2	Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.					X
32.1	Certification of principal executive officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2	Certification of principal financial officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Presentation Linkbase Document.					X

† Confidential treatment has been requested as to certain portions, which portions have been omitted and separately filed with the Securities and Exchange Commission.

Exhibit 10.1

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

Execution Version

Amendment No. 1 to

Option and License Agreement

This is Amendment No. 1 to the Option and License Agreement by and between AVEO Pharmaceuticals, Inc. ("AVEO") and Biogen Idec International GmbH ("Biogen Idec") dated as of March 18, 2009 (the "Agreement"). The effective date of this Amendment No. 1 is March 18, 2014 (the "Amendment Effective Date"). Capitalized terms used in this Amendment No. 1 shall have the meanings set forth in the Agreement, except as otherwise provided in this Amendment.

1. Background.

(a) WHEREAS, under the terms of the Agreement, AVEO and Biogen Idec agreed to collaborate on the development of ERBB3 Antibodies, with Biogen Idec holding an option to obtain exclusive rights in the Licensed Territory to develop, manufacture and commercialize Licensed Products,

(b) WHEREAS, pursuant to the Development Plan, AVEO commenced a Phase 1 Clinical Trial of an ERBB3 Antibody known as AV-203 ("AV-203"),

(c) WHEREAS, the Parties have agreed to the termination of the option and license rights of Biogen Idec under the Agreement and the payment by AVEO to Biogen Idec of royalties and a portion of certain milestone payments received by AVEO relating to a Licensed Product, including AV-203, and

(d) WHEREAS, on or about August 31, 2011, Biogen Idec assigned its rights and obligations under the Agreement to Biogen Idec MA Inc. ("BIMA"), an upstream Affiliate (*i.e.* indirect, 100% controlling parent) of Biogen Idec.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants contained in this Amendment No. 1, AVEO and BIMA, intending to be legally bound, hereby agree to the amendments to the Agreement as reflected in Sections 2-7 of this Amendment No. 1.

2. Termination of Option; Other Terminated Provisions.

(a) As of the Amendment Effective Date, the Option granted by AVEO to Biogen Idec pursuant to Section 2.1 of the Agreement shall terminate and be of no further force and effect. As a result of the termination of the Option, the following provisions of the Agreement shall terminate as of the Amendment Effective Date and be of no further force or effect: Article II (Option Grant and Development During Option Period), Article III (License Grants), Article IV (Governance During License Term), Article V (Development During License Term), Article VI (Commercialization During License Term), Article VII (Manufacture), Article IX (Intellectual Property Ownership, Protection and Related Matters), Article XIII (Control Assumption Options) and Article XIV (Term; Termination and Remedies for Breach).

(b) The Parties agree that the following provisions of the Agreement shall terminate as of the Amendment Effective Date and be of no further force or effect: Section 8.1 (Initial Fee), Section 8.2 (Equity Purchase), Section 8.3 (Payments by Biogen Idec During Option Exercise Period), Section 8.4 (Milestone Payments by Biogen Idec After Exercise of Option), Section 8.5 (Royalty Payments by Biogen Idec), Section 8.6 (Royalty Payments by AVEO), Section 8.7 (Restrictions on Bundling), Section 8.8 (Royalty Term), Section 8.9 (Third Party Licenses), Section 8.16(b) (Records and Audits — Development Costs) Section 10.3 (Publicity), Section 10.4 (Publications), Section 12.1 (Indemnification by Biogen Idec) and Section 12.5 (Insurance).

3. Continuing Provisions. The Parties agree that the following provisions of the Agreement shall continue following the Amendment Effective Date and be of full force and effect (such provisions, the "Continuing Provisions"): Article I (Definitions), Section 8.10 (Payments; Reports), Section 8.11 (Taxes), Section 8.12 (United States Dollars), Section 8.13 (Currency Conversion), Section 8.14 (Blocked Payments), Section 8.15 (Late Payments) and Section 8.16(a) (Records and Audits - Royalties), Section 10.1 (Confidential Information), Section 10.2 (Permitted Disclosures), Article XI (Representations and Warranties), Section 12.2 (Indemnification by AVEO), Section 12.3 (Indemnification Procedure), Section 12.4 (Limitation of Liability), Article XV (Dispute Resolution) and Article XVI (Miscellaneous).

4. AVEO Obligations

(a) Diligence Obligation. AVEO shall in good faith use reasonable efforts to seek a collaboration partner for the purpose of funding further Development and Commercialization of Licensed Products. For purposes of clarity, the Parties understand that AVEO shall not be required by the Agreement or this Amendment No. 1, to further Develop or Commercialize a Licensed Product in the absence of a Third Party collaborator.

(b) Payment Obligations. AVEO shall pay the percentage of Milestone Payments (as defined below) and royalties set forth in subsection (c) and (d) below (the "AVEO Payment Obligations") to BIMA up to a cumulative payment amount of $50 million (the "Maximum Payment"). AVEO's obligations with respect to the AVEO Payment Obligations shall continue until such time as BIMA has received from AVEO the Maximum Payment, after which time no further amounts shall be owed by AVEO to BIMA under the Agreement or this Amendment No. 1. The Aveo Payment Obligations are in lieu of all other payment obligations of AVEO to Biogen Idec and/or BIMA under the Agreement, including payments under Section 8.6 of the Agreement.

(c) Milestone Payments. AVEO shall pay to BIMA [**] percent ([**]%) of all Milestone Payments received by AVEO after the second anniversary of the Amendment Effective Date. Such payments shall be made within [**] days after the end of any Calendar Quarter in which any such Milestone Payments are received by AVEO. As used in this Amendment No. 1, "Milestone Payments" means any and all payments by a Third Party to AVEO in connection with the achievement by AVEO or such Third Party (or any Sublicensee) of development, regulatory or commercial milestones relating to a Licensed Product, including sales-based milestones. For clarity, any upfront payments, payments for supplies or reimbursement of expenses are not included in Milestone Payments.

(d) Royalties on Net Sales. AVEO shall pay to BIMA royalties on Net Sales by AVEO, its Affiliates or Sublicensees of Licensed Products equal to [**] percent ([**]%) of such Net Sales. Such royalties shall be paid to BIMA in accordance with Section 8.10 of the Agreement.

(e) Applicable Provisions. For the avoidance of doubt, the provisions of Section 8.10 (Payments; Reports), Section 8.11 (Taxes), Section 8.12 (United States Dollars), Section 8.13 (Currency Conversion), Section 8.14 (Blocked Payments), Section 8.15 (Late Payments) and Section 8.16(a) (Records and Audits - Royalties) shall be applicable to payments under subsections (c) and (d) above.

5. Biogen Idec Obligations. As of the Amendment Effective Date, Biogen Idec and BIMA shall have no further obligations to AVEO under the Agreement, except to the extent such obligations arise under the Continuing Provisions.

6. Confidential Information. Notwithstanding anything to the contrary in Article X, the Parties agree that, in furtherance of its obligations under Section 4(a) of this Amendment No. 1, AVEO shall be allowed to disclose Confidential Information, including the Agreement and this Amendment No. 1, to potential Third Party collaborators and Sublicensees of Licensed Products; provided that, such potential collaborators and Sublicensees are subject to obligations of confidentiality and non-use consistent with the obligations set forth in Section 10.1 of the Agreement and AVEO shall remain responsible for any failure of such collaborator or sublicensee to treat such Confidential Information as required under Section 10.1 of the Agreement.

7. Term. Notwithstanding the termination of Section 14.1 of the Agreement, the Agreement, as amended by this Amendment No. 1, shall remain in effect until the expiration of AVEO's payment obligations under Section 4 above upon payment of amounts equal to the Maximum Payment.

IN WITNESS WHEREOF, AVEO and BIMA have caused this Amendment No. 1 to be duly executed by their authorized representatives on the Amendment Effective Date.

AVEO PHARMACEUTICALS, INC.

By: /s/ Tuan Ha Ngoc
Name: Tuan Ha-Ngoc
Title: President and Chief Executive Officer

BIOGEN IDEC MA INC.

By: /s/ Lynne Sullivan
Name: Lynne Sullivan
Title: Director

Exhibit 10.2

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

EXECUTION VERSION

CO-DEVELOPMENT AND COLLABORATION AGREEMENT

By and Between

AVEO PHARMACEUTICALS, INC.

and

BIODESIX, INC.

Table of Contents

Exhibits And Schedules

The Exhibits referred to in this Agreement have been attached to this Agreement and shall have the following titles:

Exhibit A	Initial Development Plan
Exhibit B	Summary of Terms of Commercialization Agreement
Exhibit C	Press Release
Exhibit D	AVEO Third Party Agreements
Exhibit E	Initial VeriStrat Development Plan

The following Schedules referred to in this Agreement have been attached to this Agreement:

Schedule 8.1(c)

Schedule 11.1(k)

CO-DEVELOPMENT AND COLLABORATION AGREEMENT

This CO-DEVELOPMENT AND COLLABORATION AGREEMENT (this "Agreement"), dated as of April 9, 2014 (the "Effective Date"), is entered into by and between AVEO PHARMACEUTICALS, INC. ("AVEO"), a Delaware corporation having a principal office at 650 E. Kendall Street, Cambridge, Massachusetts 02142, and Biodesix, Inc. ("Biodesix"), a Delaware corporation having a principal office located at 2970 Wilderness Place, Suite 100, Boulder, Colorado 80301. AVEO and Biodesix are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

INTRODUCTION

WHEREAS, AVEO is a biopharmaceutical company discovering and developing a broad pipeline of novel oncology programs, including AVEO's program based on its inhibitory antibody, Ficlatuzumab (as defined below);

WHEREAS, Biodesix has created a mass spectrometry and software-based test system, VeriStrat (as defined below), which stratifies patients into groups with different outcomes following treatment with various pharmaceutical agents;

WHEREAS, the Parties entered into that certain Mutual Confidentiality Agreement dated as of August 17, 2009 (the "MCA");

WHEREAS, AVEO and Biodesix entered into that certain Material Transfer Agreement dated effective as of April 5, 2011, as amended by Amendment No. 1 effective as of April 1, 2013 and as further amended by Amendment No. 2 effective as of May 21, 2013 and Amendment No. 3 effective as of April 4, 2014 (collectively, the "MTA"); and

WHEREAS, in furtherance of the outcomes obtained pursuant to the MTA, AVEO and Biodesix wish to enter into an agreement governing the co-development of Ficlatuzumab and VeriStrat.

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

ARTICLE I - DEFINITIONS

When used in this Agreement, each of the following terms shall have the meanings set forth in this Article I.

1.1. "Affiliate". Affiliate means with respect to a Party, any Person that directly or indirectly controls, is controlled by, or is under common control with such Party. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of

voting securities, by contract or otherwise. For purposes of this definition, "control" shall be presumed to exist if one of the following conditions are met: (a) 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, and (b) in the case of non-corporate entities, direct or indirect ownership of more than fifty percent (50%) of the equity interests with the power to direct the management and policies of such non-corporate entities.

1.2. "Antibody". Antibody means any immunoglobulin molecule (such as an IgG), whether in monospecific or any other form, and shall include any immunoglobulin fragment (such as an Fv, Fab or F(ab')2), any fusion protein comprising an immunoglobulin or immunoglobulin fragment and any single chain antibody (such as an scFv), and any truncation or derivative of any of the foregoing.

1.3. "AVEO Intellectual Property". AVEO Intellectual Property means the AVEO Know-How and the AVEO Patent Rights.

1.4. "AVEO Know-How". AVEO Know-How means: (a) any Know-How Controlled by AVEO or (subject to Section 15.8) its Affiliates as of the Effective Date or during the Term relating to Ficlatuzumab, including such Know-How that relates to AVEO Sole Inventions or the Development, Manufacture, use or Commercialization of Ficlatuzumab and such Know-How relating to Ficlatuzumab that was generated or developed collectively or by either Party pursuant to the MTA; and (b) AVEO's interest in any Joint Inventions.

1.5. "AVEO Patent Rights". AVEO Patent Rights means: (a) all Patent Rights Controlled by AVEO or (subject to Section 15.8) its Affiliates as of the Effective Date or thereafter during the Term that claim or disclose AVEO Know-How; and (b) AVEO's interest in the Joint Patent Rights.

1.6. "AVEO Third Party Agreements". AVEO Third Party Agreements means the agreements set forth on Exhibit D.

1.7. "Biodesix Intellectual Property". Biodesix Intellectual Property means the Biodesix Know-How and the Biodesix Patent Rights.

1.8. "Biodesix Know-How". Biodesix Know-How means: (a) any Know-How Controlled by Biodesix or (subject to Section 15.8) its Affiliates as of the Effective Date or during the Term relating to VeriStrat, including such Know-How that relates to Biodesix Sole Inventions or the Development, Manufacture, use or Commercialization of VeriStrat and such Know-How relating to VeriStrat that was generated or developed collectively or by either Party pursuant to the MTA; and (b) Biodesix's interest in any Joint Inventions.

1.9. "Biodesix Patent Rights". Biodesix Patent Rights means: (a) all Patent Rights that are Controlled by Biodesix or (subject to Section 15.8) its Affiliates as of the Effective Date or thereafter during the Term that claim or disclose Biodesix Know-How; and (b) Biodesix's interest in the Joint Patent Rights.

1.10. "Biomarker Data". Biomarker Data, which excludes Diagnostic Data, means genetic, genomic and proteomic characteristics and annotations, including all available genetic

data such as EGFR mutation status or KRAS mutation status, that may or could form the basis of an IVD, which characteristics and annotations are generated in human clinical and/or preclinical trials of Ficlatuzumab in connection with this Agreement or which were generated by either Party pursuant to the MTA.

1.11. "Business Day". Business Day means a day that is not a Saturday, Sunday or a day on which banking institutions in Cambridge, Massachusetts or in Boulder, Colorado are authorized by Law to remain closed.

1.12. "Calendar Quarter". Calendar Quarter means each of the periods ending on March 31, June 30, September 30, and December 31 of any year.

1.13. "Calendar Year". Calendar Year means each successive period of twelve (12) months commencing on January 1 and ending on December 31; provided that the first Calendar Year of the Term shall begin on the Effective Date and end on December 31, 2014 and the last Calendar Year of the Term shall end on the last day of the Term.

1.14. "Change of Control". Change of Control means, in respect of a Party hereto, the occurrence of a tender offer, stock purchase, other stock acquisition, merger, consolidation, recapitalization, reverse split, sale or transfer of assets or other transaction, as a result of which any person, entity or group (a) becomes the beneficial owner, directly or indirectly, of securities of such Party representing more than 50% of the ordinary shares of such Party or representing more than 50% of the combined voting power with respect to the election of directors (or members of any other governing body) of such Party's then outstanding securities, or (b) obtains the ability to appoint a majority of the Board of Directors (or other governing body) of such Party, or obtains the ability to direct the operations or management of such Party or any successor to such Party's business; provided, however, that Change in Control shall not include the issuance by a Party of equity to the public through a public offering or offerings.

1.15. "Clinical Data". Clinical Data means all relevant clinical, biological, and other characteristics and annotations, excluding Biomarker Data and Diagnostic Data, provided by AVEO or generated in human clinical trials of Ficlatuzumab in connection with this Agreement or the MTA, including age, gender, race, smoking history, current therapies, previous therapies, disease state at sample collection date, performance status at sample collection date, sample collection date, sample collection site, date of start of treatment, drug exposure, adverse events, lab abnormalities, disposition, concomitant medications and all available outcome data (progression free survival, overall survival, time to progression, objective response data (including date of collection), and the date of tissue collection. The Clinical Data supplied to Biodesix by AVEO shall not contain any personal patient identifying information, such as patients' names, initials, and dates of birth (such de-identified Clinical Data, the "Limited Data Set").

1.16. "Clinical Specimens." Clinical Specimens mean all clinical specimens, samples, tissues, fluid, and other biological and pharmaceutical materials generated or obtained in connection with this Agreement or the MTA, and modifications thereof.

1.17. "Commercialization" and "Commercialize". Commercialization or Commercialize means pre-launch, launch or post-launch activities directed to obtaining pricing and reimbursement approvals, marketing, branding, promoting, distributing, importing or selling a product. Commercialization includes strategic marketing, market research, sales force recruitment, training and meetings, sales force detailing, sample drops, activities related to managed care accounts and other similar accounts and government programs, activities related to reimbursement, advertising, market and product support, customer support, educational initiatives, product distribution, invoicing, sales activities and post-marketing studies.

1.18. "Commercialization Agreement". Commercialization Agreement means the separate written agreement that the Parties will negotiate in good faith and enter into pursuant to Article VI, which agreement will include the terms set forth in Exhibit B hereto, as the same may be supplemented to add mutually acceptable detail.

1.19. "Commercially Reasonable Efforts". Commercially Reasonable Efforts means that degree of skill, effort, expertise, and resources normally used by an established biotechnology company or diagnostic company (as applicable) with respect to products that have a similar market potential to, and that are at a similar stage in product life as, Ficlatuzumab or VeriStrat (as applicable), taking into account issues of safety and efficacy, costs and risks of Development, Manufacture and Commercialization, the competitiveness of the marketplace, the proprietary position of the applicable product, the likelihood of obtaining Regulatory Approval for the applicable product, the potential economic return from the applicable product and other relevant technical, legal, scientific, medical or commercial factors.

1.20. "Companion Diagnostic." Companion Diagnostic means an IVD that provides information regarding the identification of patients for treatment with a corresponding therapeutic product, including where such use may be specified in the instructions for use in the labeling of both the IVD device and the corresponding therapeutic product in relevant jurisdictions.

1.21. "Control" or "Controlled". Control or Controlled means, with respect to any Patent Rights or Know-How, possession (whether by ownership or license, other than pursuant to this Agreement) by a Party or its Affiliates of the ability to grant the licenses or sublicenses as provided for herein without violating the terms of any agreement or other arrangement with any Third Party.

1.22. "CPI". CPI means the Consumer Price Index – Urban Wage Earners and Clerical Workers, U.S. City Average, All Items, 1982-84 = 100, published by the United States Department of Labor, Bureau of Labor Statistics (or its successor equivalent index) in the United States.

1.23. "Development". Development, as it pertains to Ficlatuzumab, means non-clinical (including pre-clinical) and clinical drug development activities and related research, including, among other things: (i) pharmacology studies, (ii) absorption, distribution, metabolism, elimination (ADME) studies, (iii) toxicology studies, (iv) statistical analysis and report writing, (v) drug-test method development and stability testing, (vi) process development, (vii) formulation development, (viii) delivery system development, (ix) translational research, (x)

quality assurance and quality control development, (xi) compliance related monitoring and activities (including biometry, data management, drug safety, integrated analysis, and health and economic research), (xii) clinical trials for the purpose of obtaining or maintaining Regulatory Approval, (xiii) Investigator Sponsored Clinical Studies, (xiv) safety related studies and risk management programs, (xv) preparation of applications for regulatory approval, (xvi) clinical supply operations, including packaging and labeling a drug for investigational supply and shipping drug to clinical trial sites, and (xvii) regulatory affairs related to all of the foregoing. Development, as it pertains to VeriStrat in connection with Ficlatuzumab, means non-clinical (including pre-clinical) and clinical assay development, related research, analytical development and validation and regulatory submission activities, including development and submission of a PMA or CE-IVD submission to be filed with the relevant Regulatory Authority. When used as a verb, "Develop" means to engage in Development.

1.24. "Development Costs". Development Costs means the internal and external costs of a Party and/or its Affiliates incurred in Developing Ficlatuzumab, which costs shall include all costs and expenses invoiced by Third Parties for goods or services (including direct costs of labor, materials, supplies, services, fees and other resources directly consumed or used in the Development of Ficlatuzumab), Third Party license fees (including those associated with in-licenses), and the FTE Costs (calculated in accordance with GAAP, consistently applied) of a Party's, and/or its Affiliates', employees with respect to time properly allocated to the Development of Ficlatuzumab. For the avoidance of doubt, except for those FTE costs associated with research intended to understand the VeriStrat mechanism, which FTE costs shall be excluded from Development Costs and Additional Development Costs hereunder, all internal and external costs incurred by AVEO that are directly related to the Development Plan activities and all Additional Development Costs constitute Development Costs hereunder.

1.25. "Diagnostic Data." Diagnostic Data means any data or information provided by Biodesix or generated in the Development or performance of VeriStrat obtained from any of (i) the generation of raw mass spectra from the Clinical Specimens, (ii) processing the raw mass spectra to generate the VeriStrat Labels from the Clinical Specimens, (iii) the reporting of VeriStrat Labels to AVEO in a suitable format; (iv) the preparation of any reports assessing the performance of VeriStrat with the Clinical Specimens and Clinical Data (the "VeriStrat Results") or (v) the reporting of the VeriStrat Results to AVEO.

1.26. "EMEA". EMEA means the European Medicines Evaluation Agency, or any successor agency with responsibility for regulating the Development, Manufacture and Commercialization of human or veterinary pharmaceutical, diagnostic, or prophylactic products.

1.27. "Existing Supply of Ficlatuzumab" means the supply of Ficlatuzumab that was manufactured prior to the Effective and which AVEO has on-hand as of the Effective Date, which totals approximately [**] kilograms of Ficlatuzumab drug product filled in vials and [**] kilograms of Ficlatuzumab drug substance.

1.28. "FDA" or "Food and Drug Administration". FDA or Food and Drug Administration means the United States Food and Drug Administration and any successor agency thereto with responsibility for regulating the Development, Manufacture and Commercialization of human or veterinary pharmaceutical, diagnostic, or prophylactic products.

1.29. "Ficlatuzumab". Ficlatuzumab means the humanized monoclonal Antibody that binds hepatocyte growth factor and is designated by AVEO as "Ficlatuzumab."

1.30. "Ficlatuzumab Cost of Goods". Ficlatuzumab Cost of Goods means the standard unit cost of Manufacture of Ficlatuzumab, consisting of direct material and direct labor costs plus Manufacturing overhead attributable to Ficlatuzumab (including all directly incurred manufacturing variances), all calculated in accordance with GAAP, consistently applied. Direct material costs will include the costs incurred in Manufacturing or purchasing materials, including freight-in costs, sales and excise taxes imposed thereon and customs duty and charges levied by government authorities, and all costs of packaging components. Direct labor costs will include the FTE Costs of employees engaged in direct Manufacturing activities and direct or indirect quality control and quality assurance activities who are directly employed in Manufacturing and packaging Ficlatuzumab. Overhead attributable to Ficlatuzumab will be calculated and allocated in a manner consistent with the method used to allocate overhead to other products Manufactured in the same facility. Overhead attributable to Ficlatuzumab will include a reasonable allocation of indirect labor (not previously included in direct labor costs), a reasonable allocation of administrative costs, and a reasonable allocation of facilities costs, all in accordance with GAAP, consistently applied. Overhead will not include corporate administrative overhead or plant start-up costs or costs associated with excess or idle capacity. Alternatively, if Ficlatuzumab is Manufactured by a Third Party manufacturer, the Ficlatuzumab Cost of Goods means the actual price paid by a Party and/or its Affiliates to the Third Party for the Manufacture, supply and packaging of Ficlatuzumab and all taxes and shipping costs related thereto, and the FTE Costs of such Party's and/or its Affiliates' employees engaged in activities relating to the selection and management of such Third Party manufacturer and the management of such supply (including quality control and quality assistance activities).

1.31. "First Commercial Sale". First Commercial Sale means the first bona fide arm's length sale of Ficlatuzumab sold to a Third Party in the Territory by or on behalf of a Party, its Affiliates or Licensees after Regulatory Approval has been obtained for Ficlatuzumab.

1.32. "FTE". FTE means the number of full-time-equivalent person-years (each consisting of a total of [**] hours) of Development, Manufacturing or Commercialization work by each Party's personnel on or directly related to the applicable activity conducted hereunder.

1.33. "FTE Cost". FTE Cost means the amount obtained by multiplying (a) the number of FTEs by (b) $[**], increased annually by the percentage increase in the CPI as of December 31 of the then most recently ended Calendar Year (if any) over the level of the CPI as of December 31 of the preceding Calendar Year, (*i.e.*, the first such increase could occur on January 1, 2015 and would be based on the CPI percentage increase between December 31, 2013 and December 31, 2014).

1.34. "GAAP". GAAP means accounting principles generally accepted in the United States of America, as consistently applied.

1.35. "Intellectual Property". Intellectual Property means Know-How and the Patent Rights.

1.36. "IND" or "Investigational New Drug Application". IND or Investigational New Drug Application means (a) (i) in the United States, an Investigational New Drug Application, as defined in the United States Federal Food, Drug, and Cosmetic Act, as amended from time to time (the "FD&C Act"), and the regulations promulgated thereunder, as amended from time to time, that is required to be filed with the FDA before beginning clinical testing of a product in human subjects, or any successor application or procedure, and (ii) any counterpart of such Investigational New Drug Application in any country other than the United States in the Territory (e.g., a CTX), and (b) all supplements and amendments that may be filed with respect to any of the foregoing.

1.37. "Investigator Sponsored Clinical Study". Investigator Sponsored Clinical Study means a human clinical study of a product that is sponsored and conducted by a Third Party under an agreement with a Party pursuant to which such Party provides the Third Party with clinical supplies of the product or funding for such clinical study.

1.38. "Joint Patent Rights". Joint Patent Rights means all Patent Rights that claim or disclose Joint Inventions.

1.39. "Know-How". Know-How means proprietary, non-public information and materials, whether patentable or not, including (a) ideas, discoveries, inventions, improvements or trade secrets, (b) pharmaceutical, chemical and biological materials, products and compositions, (c) tests, assays, techniques, data, methods, procedures, formulas, and/or processes, (d) technical and non-technical data and other information relating to any of the foregoing, (e) drawings, plans, designs, diagrams, sketches, specifications and/or other documents containing or relating to such information or materials, and (f) business processes, price data and information, marketing data and information, sales data and information, marketing plans and market research.

1.40. "Law" or "Laws". Law or Laws means all statutes, laws, rules, regulations, administrative codes, ordinances, decrees, orders, decisions, injunctions, awards judgments, permits and licenses of or from governmental authorities, including those promulgated by a Regulatory Authority and the listing standards or agreements of any national or international securities exchange.

1.41. "License Income". License Income shall mean all amounts received by a Party and/or its Affiliates from Third Parties in connection with or related to the licensing or sublicensing to such Third Parties of rights to Ficlatuzumab, including: (i) all upfront fees, milestone payments and royalties; (ii) transfer pricing amounts paid in respect of Ficlatuzumab supplied to such Third Parties; (iii) investments in securities; and (iv) research and Development funding, but (notwithstanding the foregoing) excluding:

(a) transfer pricing amounts equal to such Party's and/or its Affiliates' Ficlatuzumab Cost of Goods supplied to such Third Parties;

(b) amounts received by such Party and/or its Affiliates from such Third Parties as the purchase price for such Party's and/or its Affiliates' debt or equity securities at prices not in excess of the then-current market price of such securities or, if such securities are not publicly traded, the then-current fair market value of such securities;

(c) amounts received by such Party and/or its Affiliates for future research and Development activities undertaken for, or in collaboration with, or other services provided to, such Third Parties at rates not to exceed the fair market value of such services, and

(d) amounts received by such Party and/or its Affiliates as reimbursement for costs incurred by such Party and/or its Affiliates after the grant of the license or sublicense in the performance of such Party's and/or its Affiliates' obligations thereunder.

1.42. "Licensee". Licensee means a Third Party that is not an Affiliate of a Party and to whom a Party has granted a license or sublicense to Develop, Commercialize, Manufacture, fill and finish, register, distribute and/or sell Ficlatuzumab.

1.43. "Major Markets". Major Markets means the United States, Japan and each individual member state of the European Union (as they may exist from time to time during the Term).

1.44. "Manufacture". Manufacture means, with respect to a product, all activities related to the manufacturing of such product, including test method development and stability testing, formulation, process development, manufacturing scale-up, manufacturing for use in non-clinical and clinical studies, manufacturing for commercial sale, packaging, release of product, quality assurance/quality control development, quality control testing (including in-process release and stability testing) and release of product or any component or ingredient thereof, and regulatory activities related to all of the foregoing.

1.45. "MHW". MHW means the Japanese Ministry of Health, Labour and Welfare, or any successor agency with responsibility for regulating the Development, Manufacture and Commercialization of human or veterinary pharmaceutical, diagnostic, or prophylactic products.

1.46. "NSCLC". NSCLC means non-small-cell lung carcinoma.

1.47. "NSCLC POC Trial". NSCLC POC Trial means a [**] of Ficlatuzumab in which VeriStrat will be used to select clinical trial subjects that is designed to demonstrate efficacy in treating NSCLC in accordance with the NSCLC POC Trial Plan and that, if applicable study endpoints are achieved, would: (a) [**] of Ficlatuzumab; and (b) support the strategy of seeking Regulatory Approval for Ficlatuzumab, however, in the event that, upon a decision by the JSC, the Parties [**] and for the purposes of the Opt-Out, the completion of the [**] shall be the decision point for such Opt-Out, including for the purposes of Section 3.5(c)(ii).

1.48. "NSCLC POC Trial Plan". NSCLC POC Trial Plan means the written plan outlining the activities to be conducted by or on behalf of the Parties in furtherance of a NSCLC POC Trial, as is set forth as part of the Development Plan attached hereto as Exhibit A and as may be amended from time to time pursuant to Section 3.2.

1.49. "Opt-Out". Opt-Out means an election by one Party to cease further participation in funding and conducting the NSCLC POC Trial or in funding Additional Development Costs.

1.50. "Opt-Out Phase". Opt-Out Phase means the phase of this Agreement following the effective date of Opt-Out as described in Section 3.5(c), if any.

1.51. "Opt-Out Royalty". Opt-Out Royalty means the royalty described in Exhibit B, as the same shall be set forth in the Commercialization Agreement.

1.52. "Party" or "Parties". Party or Parties means AVEO and/or Biodesix, as the context requires.

1.53. "Patent Rights". Patent Rights means the rights and interest in and to all issued patents and pending patent applications in any country or jurisdiction in the Territory, including, all provisionals, divisions, continuations, renewals, continuations-in-part, patents of addition, re-examinations, supplementary protection certificates, extensions, registrations or confirmation patents, restoration of patent terms, and reissues thereof.

1.54. "Person". Person means any natural person, corporation, general partnership, limited partnership, joint venture, proprietorship or other business organization.

1.55. "Phase 2 Clinical Trial". Phase 2 Clinical Trial means a human clinical trial in the United States that would satisfy the requirements of 21 CFR 312.21(b) or an equivalent human clinical trial in any country outside the United States that would satisfy the requirements applicable to such human clinical trial in such country.

1.56. "Phase 3 Clinical Trial". Phase 3 Clinical Trial means a human clinical trial in the United States that would satisfy the requirements of 21 CFR 312.21(c) or an equivalent human clinical trial in any country outside the United States that would satisfy the requirements applicable to such human clinical trial in such country.

1.57. "Profit Sharing Phase". Profit Sharing Phase means the phase of this Agreement prior to the effective date of any Opt-Out.

1.58. "Regulatory Approval". Regulatory Approval means the granting, whether through lapse of time or otherwise, by a Regulatory Authority of approval to market a pharmaceutical product or in vitro diagnostic product in a country in the Territory including, for example, an New Drug Application, ("NDA"), Biologics License Application ("BLA"), and Premarket Approval ("PMA"), among others.

1.59. "Regulatory Authority". Regulatory Authority means any United States federal, state, or local government, or any foreign government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or arbitral body, including the FDA, EMEA or MHW, with responsibility for granting licenses or approvals (with the exception of price approvals) necessary for the marketing and sale of pharmaceutical products or IVD devices in any country.

1.60. "Territory". Territory means all countries of the world.

1.61. "Third Party". Third Party means any entity other than AVEO or Biodesix or any of their respective Affiliates.

1.62. "United States". United States means the United States, its territories and possessions.

1.63. "VeriStrat". VeriStrat means Biodesix's mass spectrometry and software-based test system, which stratifies patients into groups with different outcomes following treatment with various pharmaceutical agents, and any progeny, improvements and derivatives thereof, as the same may be rebranded in the sole discretion of Biodesix (e.g., "Ficlastrat").

1.64. "VeriStrat Cost of Goods". VeriStrat Cost of Goods means the aggregate costs incurred in delivering Biodesix's VeriStrat test results to clinicians calculated on a per test basis which costs consist of (1) direct labor, (2) logistics, (3) supplies, (4) equipment and infrastructure, (5) license and royalties and (6) other directly related costs, which aggregate costs shall not exceed $[**] per test plus international shipping costs, if any. Direct labor includes the costs of laboratory personnel. Logistics includes the cost of collection kits, sample collection expenses, and shipping charges to transport kits to the clinician sites and samples from the clinician sites to our laboratory, excluding international shipping costs which shall be in addition to any such costs for logistics. Supplies reflects the costs of supplies used to process test samples. Equipment and infrastructure includes depreciation and maintenance costs associated with equipment used to process test samples as well as facility occupancy and allocated overhead costs. Licenses and royalties are calculated per contracted agreements. Other directly related costs include patent amortization, software expenses, collection fees on revenue and contracted services.

1.65. "VeriStrat Labels". VeriStrat Labels mean the clinical labels generated upon the performance of VeriStrat, where such label(s) indicate differential clinical outcomes associated with each respective patient so analyzed under VeriStrat.

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

Definition:	**Section:**
AAA	14.2(a)
Additional Development Costs	3.5(b)
Agents	10.1
Agreement	Preamble
Alliance Manager	2.7
assignee	9.1(e)
assignor	9.1(e)
audited Party	5.5
auditing Party	5.5
AVEO	Preamble
AVEO Parties	12.1

Definition:	**Section:**
Biodesix	Preamble
Biodesix Parties	12.2
Cap	3.5(a)
Confidential Information	10.2
Commercial Insurance	12.4
Deposit	5.1
Development Plan	3.1
Effective Date	Preamble
Indemnified Party	12.3(a)
Indemnifying Party	12.3(a)
IVD	3.1(c)
JCDT	2.9
JSC	2.1
Limited Data Set	1.15
Losses	12.1
MCA	Introduction
MTA	Introduction
Opt-Out Notice	3.5(c)
Personal Data	3.4(a)
[**]	[**]
Product Liability Insurance	12.4
Term	13.1
Third Party Claims	12.1
VeriStrat Development Plan	7.1
VeriStrat Results	1.25

ARTICLE II - GOVERNANCE

2.1. Creation and Structure of the JSC. The Parties shall create a joint steering committee (the "JSC") to facilitate the Parties' collaboration called for herein. The JSC shall consist of [**] representatives designated by each Party, or such other number as the Parties may mutually agree, each of whom shall be employees of their respective Party and none of whom are the Chief Executive Officer of either Party. As soon as practicable following the Effective Date (but in no event more than [**] days following the Effective Date), each Party shall designate its initial representatives on the JSC. The JSC shall appoint a chairperson from among its members, who shall alternate annually between representatives of AVEO and representatives of Biodesix, with the first such chairperson being [**] representative. The chairperson will be responsible for scheduling and leading meetings, establishing meeting agendas and other administrative matters relative to the meetings of the JSC but will have no express or implied authority beyond that held by the other members of the JSC. Each Party shall be free to change its representatives on written notice to the other or to send a substitute representative to any JSC meeting; provided, however, that each Party will ensure that at all times during the existence of the JSC, its representatives on the JSC are appropriate in terms of expertise and seniority (including at least one member of senior management) in the context of the collaboration of the Parties hereunder. For avoidance of doubt, notwithstanding any language to the contrary herein,

neither Party shall charge the other Party, whether through Ficlatuzumab Cost of Goods or otherwise, any FTE or overhead costs for such Party's [**] designated representatives' participation in the JSC or such [**] designated representatives' activities performed hereunder.

2.2. Meetings. The JSC shall meet on a [**] basis, or more often as the Parties shall agree. At least [**] such meetings in each Calendar Year shall be conducted in-person, while the remainder may be conducted by video conference or teleconference, as determined by the JSC. In-person meetings of the JSC shall alternate between the offices of AVEO and Biodesix. Each Alliance Manager shall serve as secretary of each meeting and the Alliance Managers shall be collectively responsible for preparing the minutes of each meeting. Such minutes shall provide a description in reasonable detail of the discussions held at the meeting and a list of any actions, decisions or determinations approved by the JSC. The Parties agree that they shall endeavor to ensure that initial draft minutes of each meeting shall be distributed no later than [**] days following the meeting, any objections to the contents thereof shall be directed to the Alliance Managers of each Party within [**] days following such distribution, and final minutes shall be approved by both Parties at such subsequent JSC meeting. Final minutes of each meeting shall be distributed to the members of the JSC by the chairperson. The JSC may also convene, or be polled or consulted, from time to time by means of telecommunications, video conferencing or written correspondence, as deemed necessary or appropriate. Each Party shall disclose to the other proposed agenda items in advance of each meeting of the JSC. The JSC may invite other representatives of the Parties with special skills or knowledge to attend meetings where appropriate. The JSC shall adopt such other rules as shall be necessary or convenient for its work. Each Party shall be responsible for all travel and other costs for its representatives to attend meetings of, and otherwise participate on, the JSC.

2.3. Responsibilities of the JSC. The JSC shall function as a forum for the Parties to inform and consult with one another concerning progress of Development Plan activities and VeriStrat Development Plan activities pursuant to Article VII. The Parties shall use Commercially Reasonable Efforts to: (i) support the Development of Ficlatuzumab in multiple indications following successful completion of the NSCLC POC Trial; and (ii) reach consensus on all issues within the responsibility of the JSC. Without limiting the foregoing, except as otherwise set forth in Sections 3.6 and 4.1, the JSC shall be responsible for:

(a) reviewing, approving, monitoring and modifying (as the JSC deems appropriate) the Development Plan (including associated budgets) and, subject to execution of the Commercialization Agreement, the Commercialization plan(s) and budget(s) thereunder;

(b) reviewing, approving, monitoring and modifying (as the JSC deems appropriate) the VeriStrat Development Plan;

(c) planning strategy, coordinating and monitoring the progress of the Development of Ficlatuzumab and Veristrat in connection with Ficlatuzumab, including the NSCLC POC Trial; and

(d) approving licensing of Development and/or Commercialization rights to Ficlatuzumab as contemplated by Section 4.1.

2.4. Subcommittees of the JSC and Other Committees. From time to time, the JSC may establish one or more subcommittees to oversee particular projects or activities related to Development Plan activities, which subcommittees will include at least one representative of each Party and which will report to the JSC or another committee designated by the JSC unless otherwise decided by the JSC.

2.5. Decisions of the JSC. At least [**] JSC representatives from each Party must participate in a meeting of the JSC (and at least one representative of each Party must participate in a meeting of any subcommittee thereof) in order for there to be a quorum for such meeting. Subject to the remainder of this Section 2.5, all decisions of the JSC (or any subcommittee thereof) shall be made by the unanimous vote of the members of the JSC, with the JSC representatives of each Party collectively having one vote. The Parties shall use reasonable good faith efforts to reach consensus on all issues within the responsibility of the JSC. If members of the JSC cannot agree with respect to a particular issue within the responsibility of the JSC (or any subcommittee thereof), then such issue shall be referred to the Chief Executive Officers of the Parties who shall meet in a good faith effort to resolve the dispute within [**] days. To the greatest extent practicable, all decisions of the JSC with respect to action items to be carried out in furtherance of the Development Plan shall detail the item approved, the person or team authorized to initiate and carry out the action item, the budget related thereto and any limitations as to the scope of authority granted to such person or team.

2.6. Limitation on JSC Authority. Notwithstanding the creation of the JSC, each Party shall retain the rights, powers and discretions granted to it hereunder, and the JSC shall not be delegated or vested with any such rights, powers or discretion unless such delegation or vesting is expressly provided for herein or the Parties expressly so agree in writing. The JSC shall not have the power to make any decisions other than those expressly set forth in this Agreement. Without limiting the generality of the foregoing, the JSC may not amend or modify this Agreement, which may be amended or modified only as provided in Section 15.4, and the Parties shall ensure that their respective JSC Representatives shall not unreasonably withhold their agreement to matters before the JSC if such withholding of agreement would be inconsistent with the exercise of Commercially Reasonable Efforts to Develop Ficlatuzumab, subject to Section 3.7(c).

2.7. Alliance Managers. Biodesix and AVEO shall each appoint one person to coordinate their respective activities pursuant to this Agreement (the "Alliance Managers"). Such individuals shall be responsible for, among other things, ensuring the appropriate level of information exchange between the Parties regarding the Development Plan and the VeriStrat Development Plan as well as scheduling and attending the JSC and JCDT meetings.

2.8. Reports to JSC. Each Party shall provide the JSC on a [**] basis with reports regarding the activities performed by such Party under the Development Plan. Each such report shall summarize in reasonable detail the major activities undertaken by such Party during the prior [**], as well as the results of such activities. Such reports will be accurate and, where appropriate, will contain raw data from studies carried out by or on behalf of such Party.

2.9. Joint Co-Development Team. The Parties shall also establish a Joint Co-Development Team (the "JCDT") which shall be responsible for integrating the Development

Plan with the VeriStrat Development Plan. The JCDT shall consist of [**] representatives designated by each Party, or such other number as the Parties may mutually agree. Each Party shall designate representatives for participation in the JCDT, [**]. AVEO will lead drafting of the Development Plan, including publication and presentations plans for review by the JCDT, and Biodesix will lead drafting of the VeriStrat Development Plan, including publication and presentation plans for review by the JCDT. The JCDT shall be responsible for agreeing to and integrating the foregoing plans for submission to the JSC for approval for each indication.

2.10. Dissolution. Neither Party shall have any right nor obligation under this Article II, and the JSC and JCDT shall be dissolved, upon the effectiveness of Opt-Out by either Party under Section 3.5(c).

ARTICLE III - FICLATUZUMAB DEVELOPMENT; COST RESPONSIBILITIES; DEVELOPMENT OPT-OUT

3.1. Ficlatuzumab Development.

(a) Prior to the Effective Date, AVEO commenced a Development program for Ficlatuzumab, and following the Effective Date AVEO shall use Commercially Reasonable Efforts to continue to Develop Ficlatuzumab pursuant to Development plans approved by the JSC (such plans, collectively the "Development Plan"), as such Development Plan may be amended by the JSC from time to time. An initial Development Plan is attached hereto as Exhibit A and includes the NSCLC POC Trial Plan.

(b) The Parties will use Commercially Reasonable Efforts to complete their respective obligations under the Development Plan within the timeframes specified in the Development Plan. Each Party will promptly inform the other Party in the event that it anticipates or experiences a delay in the completion of any such obligations. Each Party shall be responsible for any delay or failure by it (or its Affiliates) to timely complete its obligations under the Development Plan, except (a) to the extent that such failure or delay is caused by a delay or failure of performance by the other Party or a contract manufacturer, or (b) as may otherwise be mutually agreed in writing by the Parties. Notwithstanding the foregoing, AVEO shall not have any further obligation to continue to conduct the Development Plan during the Opt-Out Phase.

(c) The Parties will collaborate on the regulatory strategy in the jurisdictions in the Territory for obtaining Regulatory Approval for the combination use of Ficlatuzumab in connection with the in vitro diagnostic ("IVD") developed pursuant to the VeriStrat Development Plan and any other assays decided upon by the JSC pursuant to Section 3.7(c), and in the preparation and/or exchange of any documents necessary to support any INDs, NDAs, BLAs, PMAs or other applications for such Regulatory Approvals.

3.2. Modifications to Development Plan. The Parties acknowledge that the initial Development Plan, including the initial NSCLC POC Trial Plan contained therein, does not set forth all material activities, timelines, obligations and specifications necessary for the execution

of the Development Plan, and further acknowledge that requests from Regulatory Authorities may necessitate modifications to the Development Plan. The Parties agree that, as soon as practicable following the Effective Date, the initial Development Plan will be modified and made more comprehensive pursuant to direction and approval by the JSC, with the understanding that the JSC shall agree on a final design for the NSCLC POC Trial that meets the following criteria: (a) the NSCLC POC Trial shall enroll no less than [**] patients; (b) the NSCLC POC Trial shall be designed to cost no more than fifteen million U.S. dollars ($15,000,000), and (c) the NSCLC POC Trial shall be designed to meet regulatory requirements and conform with FDA feedback. Thereafter, as may be necessary from time-to-time, whether due to Regulatory Authority requests or otherwise, the JSC shall review proposed revisions to the Development Plan. If the JSC approves such revisions, then the JSC shall revise the Development Plan accordingly without need for amending this Agreement. The Parties shall not unreasonably withhold their consent to appropriate Development Plan revisions. The revised Development Plan shall thereafter be the Development Plan for all purposes of this Agreement.

3.3. Existing Supply of Ficlatuzumab. AVEO shall supply the Existing Supply of Ficlatuzumab as needed for the conduct of the Development Plan at no charge, provided that, Biodesix will reimburse AVEO for [**]% of the Ficlatuzumab Cost of Goods incurred by AVEO in connection with any such supply for Investigator Sponsored Clinical Studies approved by the JSC. AVEO may not dispose of, or supply to any Third Party, any of the Existing Supply of Ficlatuzumab without prior approval of the JSC.

3.4. Clinical Specimens.

(a) In connection with the Development Plan and with Biodesix's activities under Article VII, AVEO shall furnish to Biodesix certain quantities of Clinical Specimens as agreed upon and set forth in the Development Plan or otherwise agreed upon by the JSC. Biodesix will comply with all applicable Laws relating to the Clinical Specimens. Without limiting the foregoing, to the extent that the Clinical Specimens include human specimens, AVEO represents and warrants to Biodesix that either it has obtained all informed consents and Institutional Review Board (IRB)/Ethics Committee (EC) approval(s) required by applicable Law with respect to such Clinical Specimens procured by AVEO or that it is not required under applicable Law to obtain such informed consents and/or has received a waiver for consent from an IRB/EC. Notwithstanding the foregoing, in the event of an Opt-Out by either Party, the provisions of Section 3.6 shall control.

(b) Biodesix agrees to retain possession of the Clinical Specimens and not to provide the Clinical Specimens to any Third Party (except for Third Parties conducting Development Plan activities pursuant to this Agreement and for whose performance and compliance with the terms of this Agreement Biodesix remains primarily liable to AVEO) or to use or permit the use of any of the Clinical Specimens for any purpose other than the Development of VeriStrat in accordance with this Agreement without the prior approval of the JSC. Notwithstanding the foregoing, in the event of an Opt-Out by either Party, the provisions of Section 3.6 shall control. ALL CLINICAL SPECIMENS ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE CLINICAL SPECIMENS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY.

(c) AVEO will transmit to Biodesix the Clinical Data in the form of a Limited Data Set, which shall not contain any data that identifies or could be used to identify an individual ("Personal Data"). However, to the extent that Personal Data can be identified from any Clinical Specimens, participation in the Development Plan or otherwise, Biodesix shall hold in confidence all Personal Data except as required or permitted under this Agreement, or to the extent necessary to be disclosed to Regulatory Authorities as part of the review process. In addition, Biodesix 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"), as amended, and the regulations promulgated thereunder, to the extent such Personal Data consists of Protected Health Information (PHI) as defined in HIPAA. Biodesix agrees to use commercially reasonable efforts to ensure that appropriate technical and organization measures are taken to protect Personal Data, including PHI, 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, to the extent applicable, PHI.

3.5. Funding; Opt-Out.

(a) Other than with respect to AVEO's supply of Ficlatuzumab (which is governed by Section 3.3), Biodesix will reimburse AVEO for all Development Costs incurred by AVEO in connection with the conduct of the NSCLC POC Trial after the Effective Date in accordance with the NSCLC POC Trial Plan, up to an aggregate reimbursement of fifteen million U.S. dollars ($15,000,000) (the "Cap"), subject to reduction as set forth below for Development Costs incurred by Biodesix for the conduct of the NSCLC POC Trial with the approval of the JSC. If the NSCLC POC Trial Plan budget is modified such that the aggregate Development Costs to be incurred in conducting the NSCLC POC Trial will exceed the Cap, then such excess Development Costs shall constitute Additional Development Costs and shall be borne by the Parties as set forth in Section 3.5(b) below. If Biodesix incurs Development Costs in connection with the conduct of the NSCLC POC Trial with the approval of the JSC, Biodesix shall pay for such costs, such costs shall reduce the Cap, and, after the Cap has been reached, such costs incurred by Biodesix shall be included in Additional Development Costs and borne by the Parties as set forth in Section 3.5(b).

(b) Biodesix will reimburse AVEO for 50% of all Additional Development Costs incurred by AVEO. "Additional Development Costs" means: (i) all Development Costs incurred in conducting the NSCLC POC Trial Plan in excess of the Cap; (ii) all Development Costs associated with the Development of Ficlatuzumab under the Development Plan other than costs incurred in conducting the NSCLC POC Trial Plan; and (iii) Ficlatuzumab Cost of Goods for supply in excess of the Existing Supply of Ficlatuzumab. If Biodesix incurs Additional Development Costs with the approval of the JSC, such costs shall be reconciled with, and off-set from, as appropriate, the Additional Development Costs incurred by AVEO such that each Party bears 50% of the aggregate Additional Development Costs.

(c) Either Party may elect to Opt-Out solely after the earlier to occur of: (i) the Cap being reached or (ii) the completion of the NSCLC POC Trial, by providing [**] months written notice to the other Party (the "Opt-Out Notice"), but in no event may either Party Opt-Out after the First Commercial Sale of Ficlatuzumab. In the event a Party elects to Opt-Out, the Parties shall proceed as specified under Section 3.6. For the avoidance of doubt, neither Party has the right to Opt-Out except as expressly set forth in this Section 3.5(c). The effective date of any permitted Opt-Out shall be the date [**] months following the date the Opt-Out Notice is given to the other Party.

3.6. Opt-Out Mechanics.

(a) If Biodesix elects to Opt-Out pursuant to Section 3.5(c), then, upon the expiration of the Opt-Out notice period: (i) Biodesix shall continue to be responsible hereunder for reimbursement of Development Costs as described in Sections 3.3 and 3.5 with respect to then-ongoing clinical trials under the Development Plan and with respect to any then-committed, non-cancellable Development Costs under the Development Plan; (ii) Biodesix shall have no further responsibility pursuant to Sections 3.3 or 3.5 except as set forth in the foregoing clause (i), provided that the Opt-Out election does not derogate from any accrued but unpaid obligations; (iii) Biodesix shall cease to be entitled to share in the profits and losses resulting from the Commercialization of Ficlatuzumab and shall instead be entitled to the Opt-Out Royalty; (iv) AVEO shall have sole discretion over the continued conduct of the Development Plan and shall have the right to amend the Development Plan without oversight or approval of the JSC or Biodesix; (v) Biodesix shall remain responsible for its Development obligations hereunder with respect to VeriStrat, including with respect to obtaining PMA approval of Veristrat as a Companion Diagnostic on a timeline previously approved by the JSC and consistent with the timeline for approval of Ficlatuzumab, and the Parties shall negotiate in good faith as set forth in Section 6.1 to enter into an agreement pursuant to which Biodesix will agree to perform the VeriStrat Commercialization obligations set forth in Exhibit B under "Veristrat Commercialization" and "Opt-Out" and AVEO shall continue to be responsible for reimbursing Biodesix for each VeriStrat test sold in a jurisdiction where AVEO commercializes Ficlatuzumab and Biodesix has not obtained reimbursement for VeriStrat in connection with Ficlatuzumab as and to the extent set forth in Section 7.4 below, but AVEO shall not otherwise be obligated to make payments to Biodesix in consideration for Biodesix's performance of Biodesix's Development and Commercialization obligations with respect to VeriStrat. For the avoidance of doubt, all of Biodesix's obligations under Article VII shall continue in full force and effect notwithstanding any Opt-Out by Biodesix and the Parties will cooperate in good faith to establish a mutually acceptable method and process for exchanging the information necessary to coordinate the continued Development of Ficlatuzumab in connection with VeriStrat to the extent that AVEO desires to continue such development following such Opt-Out by Biodesix.

(b) If AVEO elects to Opt-Out pursuant to Section 3.5(c), then, upon the expiration of the Opt-Out notice period:

(i) Biodesix may, at its sole cost and expense, control the conduct of further Development of Ficlatuzumab (including obtaining Regulatory Approvals), and AVEO shall (A) transfer to Biodesix, subject to clause (B) below and Sections 3.4 and 9.2(c) herein, the Clinical Specimens, Clinical Data (including the applicable clinical database) and related

supporting documentation and (B) negotiate with Biodesix in good faith and grant an exclusive license, with rights to sub-license, to use the AVEO Intellectual Property to the extent reasonably necessary to enable Biodesix to Develop and Commercialize Ficlatuzumab, which license shall be granted at no additional cost (provided that such license shall be subject to the terms and conditions of the AVEO Third Party Agreements and, subject to the deduction of such costs from net sales described in the Opt-Out Royalty provisions of Exhibit B, Biodesix shall be obligated to make any and all payments due under the AVEO Third Party Agreements as identified herein by AVEO that relate to such license);

(ii) AVEO shall continue to be responsible for its share of Development Costs under Section 3.3 and Section 3.5 with respect to then-ongoing clinical trials under the Development Plan and with respect to any then-committed, non-cancellable Development Costs under the Development Plan;

(iii) AVEO shall transfer to Biodesix AVEO's ownership of any regulatory filings and Regulatory Approvals relating to Ficlatuzumab (including related correspondence with Regulatory Authorities);

(iv) AVEO and Biodesix shall cooperate to transfer to Biodesix any then-ongoing clinical trials and Biodesix shall assume all responsibilities therefor;

(v) following the effective date of such Opt-Out, AVEO shall have no further responsibility pursuant to Sections 3.1 or 7.4;

(vi) AVEO shall cease to be entitled to share in the profits and losses resulting from the Commercialization of Ficlatuzumab and shall instead be entitled to the Opt-Out Royalty;

(vii) Biodesix shall have sole discretion over the continued conduct of the Development Plan and shall have the right to amend the Development Plan without oversight or approval of the JSC or AVEO; and

(viii) AVEO shall make the Existing Supply of Ficlatuzumab available to Biodesix for purposes of enabling Biodesix to complete the Development thereof at no charge, provided that any supply of Ficlatuzumab that is not Existing Supply of Ficlatuzumab shall be provided at a price of [**]% of AVEO's Ficlatuzumab Cost of Goods therefor, pursuant to a supply agreement to be mutually agreed upon between the Parties upon such Opt-Out; provided further that AVEO shall have no obligation to supply Ficlatuzumab for longer than [**] months following the Opt-Out. At Biodesix's request during such [**] month period and at Biodesix's expense, AVEO shall use Commercially Reasonable Efforts to provide a technology transfer, including, if permitted by the terms thereof, the assignment of all AVEO Third Party Agreements requested by Biodesix, that enables Biodesix to continue the further Development and Commercialization of Ficlatuzumab in accordance with the Development Plan, this Agreement and/or the Commercialization Agreement. AVEO either has prior to the Effective Date or will following the Effective Date request from the counterparties to the AVEO Third Party Agreements amendments thereto or consents thereunder permitting assignments thereof to Biodesix in the circumstances described above, provided that (1) AVEO shall not be required to

pay any consideration or grant any concessions in order to obtain any such amendments or consents and (2) AVEO shall have no liability to Biodesix if the counterparties to the AVEO Third Party Agreements do not grant such amendments or consents.

3.7. AVEO Covenants. AVEO shall not, and shall not engage with or otherwise make an arrangement with a Third Party to, copy, reproduce, modify or make derivative works of VeriStrat or VeriStrat Labels other than as required in connection with Developing, seeking Regulatory Approval for or Commercializing Ficlatuzumab in accordance with this Agreement. AVEO shall not, and shall not engage with or otherwise make an arrangement with a Third Party to, decompile, disassemble or otherwise reverse engineer VeriStrat, VeriStrat Labels or VeriStrat Results (including their mechanism of action, feature values, pre-processing steps, software or functionality), or aspects of Biodesix's ProTS mass spectrometry analysis software or any portion thereof, or otherwise attempt to derive the source code or other trade secrets embodied in VeriStrat, VeriStrat Labels or VeriStrat Results, or any aspects of Recipient's ProTS mass spectrometry analysis software. For avoidance of doubt, AVEO shall not, and shall not engage with or otherwise make an arrangement with a Third Party to, use VeriStrat, VeriStrat Labels or VeriStrat Results, for purposes of (i) training, designing, developing, verifying or validating a classifier or test, including without limitation, a diagnostic test, companion diagnostic test, predictive test or prognostic test; (ii) correlating to biomarkers unless specifically set forth in the Development Plan; (iii) correlating to biomarkers in order to train, design, develop, verify or validate a classifier or test, including, without limitation, a diagnostic test, companion diagnostic test, predictive test or prognostic test; (iv) being used in a manner to compete with Biodesix; or (v) procedures not set forth in the Development Plan or related to the Development or Commercialization of Ficlatuzumab following an Opt-Out by Biodesix. Results of any unauthorized use of the VeriStrat Results, VeriStrat, VeriStrat Labels or Biodesix's ProTS mass spectrometry analysis software or any portion thereof shall belong solely and entirely to Biodesix with no obligations of any kind to AVEO or any Third Party pursuant to any agreement with AVEO or any Third Party that obtains access to the VeriStrat Results, VeriStrat, VeriStrat Labels or Biodesix's ProTS mass spectrometry analysis software or any portion thereof from AVEO. Notwithstanding the foregoing, (x) AVEO shall have no liability for any Third Party's independent activities in violation of the foregoing restrictions, and (y) AVEO and Biodesix may collaborate to perform translational work to identify a mechanism of action link between VeriStrat and Ficlatuzumab and/or to compare and correlate the effectiveness of biomarkers.

In addition, during the Profit Sharing Phase:

(a) VeriStrat will be used as a selection assay with respect to Ficlatuzumab for the NSCLC POC Trial indication and will be the focus of a co-development BLA and PMA approval assuming that the NSCLC POC Trial using VeriStrat as a selection assay are positive (i.e., primary endpoints met), provided that an EGFR mutation assay may also be used and be required for Development for such indication. In addition, AVEO may use other assays solely for data in support of research, BLA application and drug marketing;

(b) For clinical trial activities occurring after the NSCLC POC Trial, Biodesix shall have the right, at Biodesix's cost, to analyze any Ficlatuzumab clinical trial samples with VeriStrat or Biodesix technology.

(c) The JSC shall have final decision-making authority on any further Companion Diagnostic Development of VeriStrat in connection with Ficlatuzumab as well as other diagnostic tests and/or biomarkers which may be useful for Ficlatuzumab, with the understanding that the JSC will make decisions based on the totality of the data and scientific evidence, with the intent to optimize the value of Ficlatuzumab; provided, however, that, during the Profit Sharing Phase, the JSC shall give Biodesix the first opportunity (which opportunity may be provided through Biodesix's participation in JSC deliberations), on a jurisdiction by jurisdiction basis, to develop and/or supply any and all diagnostic tests and/or biomarkers determined by the JSC to be useful for Ficlatuzumab, to the extent such development and/or supply is consistent with optimizing the value of Ficlatuzumab. For clarity, the Parties agree that such deliberations shall be biased in favor of Biodesix in the event that any non-Biodesix test also under consideration by the JSC is approximately equal in its potential to maximize the value of Ficlatuzumab to the potential offered by such Biodesix-test, provided that, the JSC's decisions as to whether or not to permit Biodesix to provide any such development and/or supply shall be based on the JSC's determination of whether or not such development and/or supply by Biodesix would be consistent with optimizing the value of Ficlatuzumab; and

(d) AVEO will notify Biodesix of any amendments to the AVEO Third-Party Agreements, including any amendments entered into after delivery of an Opt-Out Notice by AVEO.

ARTICLE IV - LICENSING AND LICENSE REVENUE SHARING

4.1. General. If either Party receives any communication from a Third-Party that inquires about licensing rights to Ficlatuzumab, the receiving Party shall promptly notify the other Party. Subject to the approval of the JSC, the Parties may determine to license rights to one or more Third Parties for the Development and/or Commercialization of Ficlatuzumab in one or more countries, provided that, if a Party has Opted-Out pursuant to Section 3.5(c), the other Party shall have sole decision-making authority over any such licensing of Development and/or Commercialization rights. Provided that AVEO has not exercised its Opt-Out right, AVEO shall lead and control the negotiations of any agreement with any Licensee and keep Biodesix reasonably informed as to the status thereof. In the event AVEO has exercised its Opt-Out, Biodesix will lead and control the negotiations of any agreement with any Licensee and keep AVEO reasonably informed as to the status thereof. Each such license must be pursuant to a written agreement with AVEO or Biodesix, as the case may be, which written agreement shall be expressly approved by the JSC (except during the Opt-Out Phase), and the other Party shall grant such rights and licenses as may be reasonably necessary to enable the contracting Party to enter into such license agreement. Each Party shall provide to the other Party a copy of any such written agreement it may enter into, provided that such copy shall constitute the Confidential Information of the providing Party.

4.2. Scope. The parties acknowledge that research agreements, clinical study agreements, investigator initiated studies, service agreements, manufacturing agreements, distribution agreements, promotion agreements and the like may contain a limited express or implied license to perform the research, study, services or other activities that are the subject of said agreement. If the counterparty to any such agreement does not receive the right to Develop and/or Commercialize Ficlatuzumab other than as a service provider or distributor for or on

behalf of a Party, then (i) such agreement does not constitute a license agreement for which JSC approval is required under Section 4.1 and (ii) amounts received in connection with such agreement do not constitute License Income hereunder.

4.3. License Income.

(a) During the Profit Sharing Phase, AVEO shall remit to Biodesix fifty percent (50%) of all License Income accruing to AVEO during such time period (i.e., the 'Profit Share' phase).

(b) For such time period after Biodesix exercises its Opt-Out (if any), AVEO shall remit to Biodesix [**] percent ([**]%) of License Income accruing to AVEO during such time period.

(c) For such time period after AVEO exercises its Opt-Out (if any), Biodesix shall remit to AVEO [**] percent ([**]%) of all License Income accruing to Biodesix during such time period.

ARTICLE V - PAYMENTS

5.1. Development Costs. AVEO shall invoice Biodesix monthly while Development is ongoing for amounts incurred pursuant to the Development Plan for which Biodesix is responsible pursuant to Sections 3.3 and 3.5, which invoices will provide reasonable detail with respect to each expense listed thereon. Provided such amounts are authorized by the Development Plan, Biodesix will make payment of the same within [**] days of receipt of the invoice. If Biodesix incurs Additional Development Costs with the approval of the JSC as set forth in Section 3.5, such invoicing and payments pursuant to this Section 5.1 shall account for such Additional Development Costs so that the Parties bear such costs as set forth in Section 3.5.

5.2. License Income. All amounts due from one Party to the other Party under Article IV shall be due and payable on a Calendar Quarterly Basis, with each payment encompassing amounts due associated with License Income actually received by the paying Party during such Calendar Quarter. Within [**] days of the end of each Calendar Quarter, each Party which received License Income during such Calendar Quarter shall send a written report to the other Party setting forth the amount of License Income received and the corresponding payment amount due to the other Party under Article IV. The Party to receive such payment amount shall invoice the other Party based on such report.

5.3. Payment Terms. Except as otherwise provided in Section 5.1, all payments to be made by one Party to the other Party shall be made within [**] days of the invoice date. All payments shall be in immediately available funds via either a bank wire transfer, an ACH (automated clearing house) mechanism, or any other means of electronic funds transfer, at the paying Party's election, to a bank account designated by the payee Party. All payments shall be made in U.S. dollars. No terms or conditions on any report, invoice or similar document which would be in addition to or in conflict with any terms and conditions of this Agreement shall be of any force or effect.

5.4. Late Payments. If a Party shall fail to make a timely payment pursuant to the terms of this Article V, interest shall accrue on the past due amount as follows:

(a) for amounts [**] or fewer days past due, the rate applied shall be the thirty-day U.S. dollar LIBOR rate effective for the date that payment was due (as published in *The Wall Street Journal*), computed for the actual number of days the payment was past due; and

(b) for amounts greater than [**] days past due, the rate applied shall be the thirty-day U.S. dollar LIBOR rate effective for the date that payment was due (as published in *The Wall Street Journal*) plus [**]% per annum, computed for the actual number of days the payment was past due.

5.5. Books and Records; Audit Rights. Each Party shall keep complete and accurate records of the License Income accruing to and received by such Party, and AVEO shall keep complete and accurate records of Development Costs incurred which are subject to reimbursement by Biodesix under Sections 3.3 and 3.5. Additionally, AVEO shall provide Biodesix with a monthly report detailing the percentage of time dedicated in such month to this co-development project by AVEO personnel, other than members of the JSC, the identify of such persons, the annual salary of such persons, and a reasonably detailed description of the work performed by such persons within the applicable month. Each Party shall have the right, [**] at its own expense, to have an independent, certified public accounting firm, selected by such Party (the "auditing Party") and reasonably acceptable to the other Party (the "audited Party"), review any such records of the audited Party in the location(s) where such records are maintained by the audited Party upon reasonable notice (which shall be no less than [**] days' prior notice) and during regular business hours and under obligations of strict confidence, for the sole purpose of verifying the basis and accuracy of payments made under this Agreement within the [**] month period preceding the date of the request for review; provided that, if the audit determines an overpayment, in the case of Development Costs, or an underpayment, in the case of License Income, of greater than [**] percent ([**]%), the auditing party may elect to audit the payments made during the [**] months preceding the date of the request for review. The audited Party shall receive a copy of each such report concurrently with receipt by the auditing Party. Should such inspection lead to the discovery of a discrepancy to the auditing Party's detriment, the audited Party shall pay within [**] Business Days after its receipt from the accounting firm of the certificate of the amount of the discrepancy. The auditing Party shall pay the full cost of the review unless the overpayment, in the case of Development Costs, or the underpayment, in the case of License Income, is greater than [**] percent ([**]%) of the amount due for the applicable period, in which case the audited Party shall pay the reasonable cost charged by such accounting firm for such review. Any overpayment by the audited Party revealed by an examination shall be paid by the auditing Party within [**] days.

5.6. Taxes. Each payee Party shall pay any and all taxes levied on account of all payments it receives under this Agreement. If laws or regulations require that taxes be withheld, the paying Party will (a) deduct those taxes from the remittable payment, (b) timely pay the taxes to the proper taxing authority, and (c) send proof of payment to the payee Party within [**] days after receipt of confirmation of payment from the relevant taxing authority. The paying Party will reasonably cooperate with the payee Party to obtain the benefit of any applicable tax law or treaty, including the pursuit of any refund or credit of such tax to the payee Party.

ARTICLE VI - NEGOTIATION OF DEFINITIVE FICLATUZUMAB CO-COMMERCIALIZATION AGREEMENT

6.1. Negotiation of Definitive Commercialization Agreement. The Parties shall, upon either receipt of positive results from the NSCLC POC Trial (i.e., results that the JSC determines will support [**] or mutual agreement by the Parties [**]), commence negotiations in good faith on the definitive Commercialization Agreement. If the Parties have not reached agreement on all substantive terms of a final form of the Commercialization Agreement within [**] days of such receipt or such mutual agreement, the Parties will meet in person with the aim of finalizing remaining open issues. If the Parties have not fully reached agreement on and executed the final form of definitive agreement within [**] days of such receipt or such mutual agreement, the remaining open issues will be escalated to the Chief Executive Officers of each Party for joint resolution. The Chief Executive Officers shall meet in person to resolve all remaining issues and to agree on such final form of definitive agreement within [**] days of such receipt. Both Parties are obliged to conduct the negotiations of the Commercialization Agreement in good faith and with reasonable diligence. Subject to Section 6.2 below, until such time as the Parties agree on and execute the final Commercialization Agreement, the Parties recognize that each Party shall have the right to reasonably negotiate the terms and conditions thereof, including reasonable qualifications regarding terms and conditions outlined in Exhibit B, and no proposal by a Party to reasonably qualify the terms and conditions outlined in Exhibit B shall be deemed a breach of this Agreement or any obligation created hereby.

6.2. Definitive Term. The Parties acknowledge that certain details relating to the calculation of profits and losses associated with the Commercialization of Ficlatuzumab in connection with VeriStrat must be mutually agreed upon in order to effectuate the following terms and conditions; however, the Parties hereby agree that the following term shall be included in the Commercial Agreement: During the Profit Sharing Phase, AVEO and Biodesix shall share the profits and losses resulting from Commercialization of Ficlatuzumab by AVEO and Biodesix worldwide on a 50/50 basis. In addition, the Parties hereby agree that the reimbursement and payment obligations provided for in Section 7.4(a) shall be included in the Commercialization Agreement.

ARTICLE VII - VERISTRAT DEVELOPMENT AND COMMERCIALIZATION

7.1. VeriStrat Development. Prior to the Effective Date, Biodesix commenced a Development program for VeriStrat, and following the Effective Date Biodesix shall use Commercially Reasonable Efforts to continue to Develop VeriStrat in connection with Ficlatuzumab pursuant to Development plans approved by the JSC (such plans, collectively the "VeriStrat Development Plan"), as such VeriStrat Development Plan may be amended by the JSC from time to time. An initial VeriStrat Development Plan is attached hereto as Exhibit E. Biodesix will use Commercially Reasonable Efforts to complete its obligations under the VeriStrat Development Plan within the timeframes specified in the VeriStrat Development Plan. Biodesix will promptly inform AVEO in the event that it anticipates or experiences a delay in the completion of any such obligations. Biodesix shall be responsible for any delay or failure by it

(or its Affiliates) to timely complete its obligations under the VeriStrat Development Plan, except to the extent that (a) such failure or delay is caused by a delay or failure of performance by AVEO or a contract manufacturer, or (b) as may otherwise be mutually agreed in writing by the Parties.

7.2. Modifications to VeriStrat Development Plan. The Parties acknowledge that the initial Development Plan does not set forth all material activities, timelines, obligations and specifications necessary for the execution of the VeriStrat Development Plan, and further acknowledge that requests from Regulatory Authorities may necessitate modifications to the VeriStrat Development Plan. The Parties agree that, as soon as practicable following the Effective Date, the initial VeriStrat Development Plan will be modified and made more comprehensive pursuant to approval by the JSC, with the understanding that the VeriStrat Development Plan shall meet the applicable regulatory criteria as required by the Regulatory Authorities for approval of an IVD in the US e.g., FDA Drug and BLA requirements /CDx IVD requirements) and in the other Major Markets. Thereafter, as may be necessary from time-to-time, whether due to Regulatory Authority requests or otherwise, the JSC shall review proposed revisions to the VeriStrat Development Plan. If the JSC approves such revisions, then the JSC shall revise the VeriStrat Development Plan accordingly without need for amending this Agreement. The Parties shall not unreasonably withhold their consent to appropriate VeriStrat Development Plan revisions. The revised VeriStrat Development Plan shall thereafter be the VeriStrat Development Plan for all purposes of this Agreement.

7.3. Regulatory. Biodesix shall use Commercially Reasonable Efforts to obtain Regulatory Approval for VeriStrat as a Companion Diagnostic for Ficlatuzumab in each of the Major Market jurisdictions, in each case on a timeline that is consistent with the timeline for Regulatory Approval for Ficlatuzumab in such jurisdiction.

7.4. Use of VeriStrat. Biodesix shall perform testing of Clinical Specimens using VeriStrat as needed for the conduct of the Development Plan at no charge, provided that, upon Regulatory Approval of Ficlatuzumab in any jurisdiction for which Biodesix has not obtained third-party payor reimbursement from the primary reimbursement authority in the applicable jurisdiction, and subject to the entry by the Parties into the Commercialization Agreement, AVEO shall (provided in each case that Biodesix has not received payment from or on behalf of the patient) reimburse Biodesix for each VeriStrat test performed in such jurisdiction for purposes of screening a patient for potential commercial use of Ficlatuzumab as follows:

(a) AVEO shall provide reimbursement in the amount of: (i) [**]% of the VeriStrat Cost of Goods if Biodesix has not submitted an application to the primary reimbursement authority in such jurisdiction, provided that, in no case shall such reimbursement obligation exceed $[**] per test; or (ii) $[**] per test if Biodesix has submitted such an application but has not obtained any such reimbursement approval, in either case such obligation to reimburse Biodesix not to exceed a period of [**] from First Commercial Sale in such jurisdiction, provided that the Parties will use Commercially Reasonable Efforts to modify such reimbursement structure, in all cases in a manner that is fully consistent with all applicable laws and regulations, on a jurisdiction by jurisdiction basis as and to the extent needed to comply with the regulatory requirements of such jurisdiction while continuing to compensate Biodesix for its commercial performance of VeriStrat consistent with the amount set forth herein. Biodesix shall

invoice AVEO the foregoing amounts on a calendar quarter basis for the VeriStrat tests performed during each such calendar quarter then ended. AVEO shall remit payment for each such invoice within [**] days of receipt.

(b) The mechanism for tracking the number of VeriStrat tests performed in any jurisdiction for purposes of screening patients for potential commercial use of Ficlatuzumab and payment by AVEO to Biodesix therefor, as mutually agreed upon by the Parties, shall be included in the Commercialization Agreement, where such mechanism may include: (i) information from VeriStrat order forms specifying the intention to test for the purpose of assessing Ficlatuzumab treatment candidacy, (ii) third party sources tracking Ficlatuzumab prescriptions such as IMS Health, and (iii) appropriate assumptions regarding the ratio of VeriStrat testing and Ficlatuzumab prescriptions, provided that any such mechanism shall in each case be determined so as to fully comply with applicable laws and regulations and the regulatory requirements of such jurisdiction while continuing to compensate for the commercial performance of VeriStrat consistent with the amount set forth herein.

(c) The Commercialization Agreement shall also include a periodic right for each Party to audit the other to ensure the accuracy of such tracking mechanism. If the Parties disagree regarding such number for any jurisdiction, then the Parties shall engage a qualified independent third party to determine the number of VeriStrat tests performed in such jurisdiction for purposes of screening patients for potential use of Ficlatuzumab during the time period that is the subject of the disagreement.

ARTICLE VIII - LICENSE GRANTS; RIGHT OF FIRST NEGOTIATION

8.1. Grants of Rights – Intellectual Property.

(a) AVEO hereby grants to Biodesix a perpetual, non-exclusive, non-transferable (except in connection with a permitted assignment of this Agreement), royalty-free license (i) under AVEO Intellectual Property and AVEO's rights in Joint Inventions and Joint Patent Rights, to Develop, Manufacture and Commercialize VeriStrat and (ii) under AVEO Intellectual Property arising in the course of this Agreement and AVEO's rights in Joint Inventions and Joint Patent Rights, to Develop, Manufacture and Commercialize IVD devices other than VeriStrat. Such license shall, subject to Article IV, include the right to grant sublicenses.

(b) Biodesix hereby grants to AVEO a perpetual, non-exclusive, non-transferable (except in connection with a permitted assignment of this Agreement), royalty-free license (i) under Biodesix Intellectual Property and Biodesix's rights in Joint Inventions and Joint Patent Rights, to Develop, Manufacture and Commercialize Ficlatuzumab and (ii) under Biodesix Intellectual Property arising in the course of this Agreement and Biodesix's rights in Joint Inventions and Joint Patent Rights, subject to Biodesix's rights and AVEO's obligations under Sections 3.7 and 8.5, to Develop, Manufacture and Commercialize IVD devices for use in connection with Ficlatuzumab. Such license shall, subject to Article IV, include the right to grant sublicenses.

(c) Existing Third Party Agreements. The license granted by AVEO to Biodesix in this Section 8.1 is subject to the terms and conditions of the AVEO Third Party Agreements expressly referenced on Schedule 8.1(c). Except for the terms and conditions expressly referenced on Schedule 8.1(c), the AVEO Third Party Agreements do not, in any material respect, affect the license granted by AVEO to Biodesix in this Section 8.1.

8.2. Grant of Rights – Data

(a) AVEO agrees to grant and hereby grants to Biodesix a perpetual, non-exclusive, non-transferable (except in connection with a permitted assignment of this Agreement), royalty-free license to (i) use the Clinical Data generated prior to any Opt-Out by Biodesix and (ii) make reference to such Clinical Data in obtaining any Regulatory Approval, in the case of both (i) and (ii) in conformity with Biodesix's rights and obligations under this Agreement, and in furtherance of Development, Manufacture and Commercialization of VeriStrat ("Clinical Data License"). Such license shall, subject to Article IV, include the right to grant sublicenses in connection with Biodesix's licensing of VeriStrat, provided that Biodesix shall not practice such license or grant sublicenses thereunder in order to develop, or assist or permit any Affiliate or Third Party to develop, a Companion Diagnostic for any therapeutic product that inhibits HGF or c-Met signaling; provided further, however, that AVEO acknowledges and agrees that Biodesix's commercial sale of Biodesix's products in the ordinary course shall not be considered a violation of the restriction set forth in the immediately preceding proviso. AVEO acknowledges and agrees that, although such license is non-exclusive, AVEO's rights to use and reference Clinical Data to develop IVD devices for use in connection with Ficlatuzumab remain subject to Sections 3.7 and 8.5.

(b) AVEO agrees to grant and hereby grants to Biodesix a perpetual, non-exclusive, non-transferable (except in connection with a permitted assignment of this Agreement), royalty-free license to the [**]. The [**] License shall grant Biodesix the right to [**] in obtaining any Regulatory Approval in conformity with Biodesix's rights and obligations under this Agreement and in furtherance of [**].

(c) Biodesix hereby grants to AVEO a perpetual (subject to Section 3.6(b)), non-exclusive, non-transferable (except in connection with a permitted assignment of this Agreement), royalty-free license to use and reference Diagnostic Data generated prior to any Opt-Out by AVEO in obtaining any Regulatory Approval in conformity with AVEO's rights and obligations under this Agreement and to Develop, Manufacture and Commercialize Ficlatuzumab and, subject to Biodesix's rights and AVEO's obligations under Sections 3.7 and 8.5, including, subject to Article IV, the right to grant sublicenses in connection with AVEO's licensing of Ficlatuzumab ("Diagnostic Data License").

8.3. Rights Retained by the Parties. Any rights of AVEO or Biodesix, as the case may be, not expressly granted to the other Party pursuant to this Agreement shall be retained by such Party.

8.4. Section 365(n) of the Bankruptcy Code. All rights and licenses granted under or pursuant to any Section of this Agreement, including under Section 8.1, are rights to "intellectual property" (as defined in Section 101(35A) of the Bankruptcy Code). Each Party shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code or equivalent legislation in any other jurisdiction.

8.5. Option and Right of First Refusal. In the event of an Opt-Out elected by Biodesix, AVEO agrees to grant and hereby grants to Biodesix an exclusive first option to negotiate in good faith with AVEO a development and commercialization agreement relating to any serum-based, mass spectrometry assay that AVEO may be interested in developing and commercializing in connection with Ficlatuzumab ("Option"). The Option shall automatically vest upon the effective date of the Opt-Out. The period of any such Option shall commence upon receipt of an appropriate written communication from AVEO to Biodesix, up to and through [**] months from the date of such receipt ("Option Period"), where the written request shall set forth AVEO's desire to negotiate a definitive development and commercialization agreement in connection with such serum-based mass spectrometry assay. In the event that the Parties, after negotiating in good faith, do not agree on terms for an agreement within the Options Period, AVEO shall be free to negotiate an agreement with any Third Party, provided however that AVEO agrees to grant and hereby grants to Biodesix a first right of refusal for any such subsequent license offered to any such Third Party ("ROFR"), but prior to execution of any such license with such Third Party; wherein the ROFR shall first permit Biodesix to review and, if desired, execute a license with terms at least as favorable as those being offered to said Third Party. The period of such ROFR shall commence on the expiration of the Option Period and continue through a term of [**] months thereafter ("ROFR Period").

ARTICLE IX - INTELLECTUAL PROPERTY

9.1. Ownership of Inventions.

(a) Existing Inventions. AVEO shall retain ownership of all AVEO Intellectual Property owned by AVEO as of the Effective Date or as arising outside of this Agreement. Biodesix shall retain ownership of all Biodesix Intellectual Property owned by Biodesix as of the Effective Date or as arising outside of this Agreement.

(b) Inventions. Ownership of inventions arising during the course of this Agreement shall be set forth as "Sole" and "Joint" as follows: (i) Any and all inventions, discoveries, and observations, as relating to Ficlatuzumab as generated by either Party or jointly by both Parties in the course of this Agreement, but excluding VeriStrat shall be an "AVEO Sole Invention"; and (ii) any and all inventions, discoveries, and observations, as related to VeriStrat generated by either Party or jointly by both Parties in the course of this Agreement, but excluding Ficlatuzamab shall be a "Biodesix Sole Invention." Any and all inventions, discoveries, and observations generated by either Party or jointly by both Parties in the course of this Agreement (i) during the Profit Sharing Phase that are not an AVEO Sole Invention or a Biodesix Sole Invention shall be a "Joint Invention" as to which each Party shall have an unrestricted right to use and license the Joint Invention without obtaining consent from, or accounting to, the other Party, unless otherwise determined by the JSC, which may allocate

rights to such Joint Inventions in the commercial furtherance of both Ficlatuzumab and VeriStrat equally rather than in the interests of Ficlatuzumab alone and (ii) during the Opt-Out Phase that are not an AVEO Sole Invention or a Biodesix Sole Invention shall be owned by the respective Parties in accordance with, and the respective Parties' rights thereto shall be governed by, applicable United States patent laws and laws governing inventorship.

(c) Assignment. Biodesix agrees to assign and hereby does assign to AVEO all right, title and interest in and to AVEO Sole Inventions and resulting Patent Rights (i.e., AVEO Patent Rights). AVEO agrees to assign and hereby does assign to Biodesix all right, title and interest in and to Biodesix Sole Inventions and resulting Patent Rights (i.e., Biodesix Patent Rights). Each Party agrees to assign and hereby does assign to the other Party an undivided fifty percent (50%) ownership interest in and to Joint Inventions and Joint Patent Rights.

(d) Further Assurances. Each Party making an assignment under Section 9.1(c) above (the "assignor") agrees to assist the other Party (the "assignee"), or its designee, at the assignee's expense, in every proper way to secure all rights in the inventions assigned as specified under Section 9.1(c), and any resulting Patent Rights or other intellectual property rights as applicable in any and all countries, including the disclosure to assignee of all pertinent patent-related information and data, execution of all applications, specifications, oaths, assignments and all other instruments which the assignee may deem reasonably necessary in order to apply for and obtain such rights and in order to assign and convey to the assignee, its successors, assigns and nominees the sole and exclusive right, title and interest in and to such inventions, and any resulting Patent Rights or other intellectual property rights relating thereto. Assignor hereby irrevocably designates and appoints assignee, and its duly authorized officers and agents, as assignor's agent and attorney in fact, to act for and in assignor's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of resulting Patent Rights or such other registrations with the same legal force and effect as if executed by the assignor, should assignor be unavailable for any reason to execute its obligations as defined in Section 9.1(c) above and this present Section 9.1(d).

9.2. Ownership of Data; Ownership and License to Clinical Specimens.

(a) As between the Parties, AVEO shall solely own all **[**]** and [**], and Biodesix agrees to assign and hereby does assign all right, title and interest in and to such [**] to AVEO; provided that, [**] and [**] generated by the Parties following an Opt-Out by AVEO shall be owned by Biodesix.

(b) As between the Parties, Biodesix shall solely own all [**] and AVEO agrees to assign and hereby does assign all right, title and interest in and to [**] to Biodesix.

(c) AVEO shall solely own all Clinical Specimens, and hereby grants to Biodesix a limited, non-exclusive right to use the Clinical Specimens for the purpose of Development and Commercialization of VeriStrat or any other in vitro diagnostic assay, but such ownership and license rights shall be subject to the Parties' rights and obligations with respect to any [**] and [**] derived from such Clinical Specimens, as set forth in

Sections 8.2 and 9.2(a). Notwithstanding the Parties' respective ownership and license rights as to the Clinical Specimens, each Party's use of the Clinical Specimens during the Profit-Sharing Phase shall be subject to the prior approval of the JSC, such approval not to be unreasonably withheld, and at all times shall be subject to the terms of the applicable patient informed consents.

9.3. Prosecution and Maintenance of Patent Rights.

(a) Prosecution and Maintenance of Solely Owned Patent Rights. Each Party shall have the sole right, but not the obligation, to file for, prosecute, maintain and defend any and all Patent Rights solely owned by such Party; provided, however, that if either Party decides to discontinue prosecution or maintenance, or elects not to defend any Patents Rights solely owned by such Party pursuant to Section 9.1(b), then the other Party shall have the option to continue to prosecute, maintain or defend the Patent Rights. Neither Party shall effect discontinued prosecution or maintenance of any Patent Rights solely owned by such Party pursuant to Section 9.1(b) without at least [**] days' prior written notice to the other Party.

(b) Prosecution and Maintenance of Jointly Owned Patents. Subject to modification by the JSC, each Party shall be jointly responsible for obtaining, prosecuting and/or maintaining Joint Patent Rights, in appropriate countries in the Territory, including any country as reasonably requested by either Party. The out-of-pocket costs and expenses incurred to obtain, prosecute and maintain Joint Patent Rights shall be borne fifty percent (50%) by Biodesix and fifty percent (50%) by AVEO. Each Party shall keep the other informed of the status of all pending Joint Patent Rights. Neither Party shall effect discontinued prosecution or maintenance of any Joint Patent Right without at least [**] days' prior notice to the other Party. If either Party elects to discontinue paying its share of the costs and expenses of prosecution or maintenance of any Joint Patent Rights, the other Party shall have the option to continue to prosecute and maintain such Joint Patent Rights at its own cost and expense.

9.4. Third Party Infringement.

(a) Notice. Each Party shall promptly report in writing to the other Party during the Term any known or suspected (i) infringement of any of the AVEO Patent Rights relating to Ficlatuzumab, Biodesix Patent Rights relating to VeriStrat in connection with Ficlatuzumab or Joint Patent Rights, or (ii) unauthorized use or misappropriation of any of the AVEO Know-How relating to Ficlatuzumab, Biodesix Know-How relating to Veristrat in connection with Ficlatuzumab, or Know-How in Joint Inventions of which such Party becomes aware, and shall provide the other Party with all available evidence supporting such known or suspected infringement or unauthorized use.

(b) Enforcement of Patent Rights. Each Party shall have the sole right, but not the obligation, to take action to obtain a discontinuance of infringement or misappropriation or bring suit against a Third Party infringer or misappropriator of any of Patent Rights or Know-How solely owned by such Party; provided, however, that if either Party decides not to take such action or bring suit against a Third Party infringer or misappropriator of any Patents Rights or Know-How solely owned by such Party pursuant to Section 9.1(b), and such infringement or misappropriation is competitive as to Ficlatuzumab or VeriStrat in connection with

Ficlatuzumab, then, subject to the terms of the AVEO Third Party Agreements, the other Party shall have the option to take such action or bring such suit with respect to the Patent Rights or Know-How.

Each Party shall bear its own expense of any suit it brings or is brought against it in relation to any Solely owned Patent Right or Know-How pursuant to this Section 9.4(b). Each Party will reasonably cooperate with the other, at its expense, and shall have the right to consult with, and to participate in and be represented by, independent counsel in such litigation at its own expense. Any recoveries obtained by either Party as a result of any such proceedings shall be allocated as follows: (A) such recovery shall first be used to reimburse each Party for all reasonable attorney fees and other litigation costs actually incurred in connection with such litigation by that Party, and (B) any remainder shall be allocated [**] percent ([**]%) to the enforcing Party and [**] percent ([**]%) to the non-enforcing Party.

(c) Enforcement of Joint Patent Rights. Enforcement of any Joint Patent Rights will be as determined by the JSC or by mutual agreement of the Parties, but with the intent of optimizing the value of Ficlatuzumab and VeriStrat in connection with Ficlatuzumab, considered equally, or as otherwise mutually agreed upon by the Parties.

9.5. Patent Invalidity Claim.

(a) Each of the Parties shall promptly notify the other in the event of any legal or administrative action by any Third Party against a Joint Patent Right or an AVEO Patent Right claiming Ficlatuzumab, of which it becomes aware, including any opposition, nullity, revocation, reexamination or compulsory license proceeding.

(b) AVEO shall have the first right, but not the obligation, to defend against any such action involving a Joint Patent Right or an AVEO Patent Right in connection with Ficlatuzumab. If AVEO does not defend against any such action involving such Joint Patent Right or AVEO Patent Right owned by AVEO pursuant to Section 9.1(b), then Biodesix shall have the right, but not the obligation, to defend such action. Biodesix shall have the sole right, but not the obligation, to defend against any such action involving a Biodesix Patent Right.

(c) Each non-defending Party agrees to cooperate reasonably with the defending Party, at the request of the defending Party, in connection with such defense of a Joint Patent Right or an AVEO Patent Right in connection with Ficlatuzumab, including by joining in any such action. The out-of-pocket costs and expenses incurred in connection with such defense and cooperation shall be borne fifty percent (50%) by Biodesix and fifty percent (50%) by AVEO, regardless of which Party controls such defense.

9.6. Trademarks.

(a) Biodesix shall have sole and exclusive control of branding and trademark rights with respect to VeriStrat, subject to any co-promotion and cobranding activities of Ficlatuzumab and Veristrat in connection with Ficlatuzumab as determined by the JSC.

(b) AVEO shall have sole and exclusive control of branding and trademark rights with respect to Ficlatuzumab, subject to any co-promotion and cobranding activities of Ficlatuzumab and Veristrat in connection with Ficlatuzumab as determined by the JSC.

ARTICLE X - CONFIDENTIAL INFORMATION

10.1. Treatment of Confidential Information. During the Term and for [**] years thereafter, each Party shall maintain Confidential Information (as defined in Section 10.2) of the other Party in confidence, and shall not disclose, divulge or otherwise communicate such Confidential Information to others (except for agents, directors, officers, employees, consultants, subcontractors, licensees, partners, Affiliates and advisors (collectively, "Agents") under obligations of confidentiality) or use it for any purpose other than in connection with the conduct of the Development Plan or otherwise in furtherance of this Agreement, and each Party shall exercise reasonable efforts to prevent and restrain the unauthorized disclosure of such Confidential Information by any of its Agents, which reasonable efforts shall be at least as diligent as those generally used by such Party in protecting its own confidential and proprietary information. Each Party will be responsible for a breach of this Article X by its Agents. For clarity, each Party may disclose Confidential Information of the other Party (a) to Regulatory Authorities (i) to the extent desirable to obtain or maintain INDs or Regulatory Approvals for Ficlatuzumab or VeriStrat within the Territory and (ii) in order to respond to inquiries, requests or investigations by Regulatory Authorities; (b) to outside consultants, scientific advisory boards, managed care organizations, and non-clinical and clinical investigators to the extent necessary to conduct the Development Plan; and (c) to the extent desirable to obtain Patent Rights to protect, or to Develop or Commercialize Ficlatuzumab or VeriStrat; provided that such Party shall obtain the same confidentiality obligations from such Third Parties as and to the extent it obtains such obligations with respect to its own similar types of confidential information.

10.2. Confidential Information. "Confidential Information" means all trade secrets or other information, data or materials, patentable or otherwise, of a Party (i) which is disclosed by or on behalf of such Party to the other Party pursuant to this Agreement, the MTA or the MCA, or (ii) which is developed or generated during the course of this Agreement and that is owned by such Party or such Party otherwise has an interest in pursuant to this Agreement or the MTA, including biological or chemical substances, formulations, techniques, methodology, equipment, data, reports, Know-How, sources of supply, patent positioning and business plans, including any negative developments. Disclosures of Confidential Information may be made by written, graphic, oral or electronic means, or in any other form. Notwithstanding the foregoing, there shall be excluded from the foregoing definition of Confidential Information any of the foregoing that:

(a) either before or after the date of the disclosure to the receiving Party is lawfully disclosed to the receiving Party by Third Parties without any violation of any obligation to the other Party;

(b) either before or after the date of the disclosure to the receiving Party, becomes published or generally known to the public through no fault or omission on the part of the receiving Party or its Agents; or

(c) is independently developed by or for the receiving Party without reference to or reliance upon the Confidential Information as demonstrated by contemporaneous written records of the receiving Party.

10.3. Publication Rights. Each Party agrees that it shall not, and shall cause its Affiliates and its and their Affiliates' employees, consultants, contractors, licensees and agents not to, publish or publicly present any results of any preclinical or clinical studies with respect to Ficlatuzumab or VeriStrat in connection with Ficlatuzumab without the prior written consent of the other Party (which shall not be unreasonably withheld), except as may be required by applicable Law or legal proceedings. Each Party acknowledges that the other Party has an interest in the publication of studies related to Ficlatuzumab and VeriStrat in connection with Ficlatuzumab, and agrees that the JSC will be responsible for determining which publications of this nature can occur without prejudice to the interests of the other Party. Subject to the foregoing, each Party shall provide to the other Party the opportunity to review any proposed abstracts, manuscripts or summaries of presentations that cover Ficlatuzumab or VeriStrat in connection with Ficlatuzumab at least [**] days prior to the submission of such proposed abstract, manuscript or summary for publication or presentation. The receiving Party shall designate a Person who shall be responsible for reviewing and approving such publications or presentations. The non-publishing Party shall have the right to reasonably require removal of its Confidential Information from such publications or presentations. In addition, the publishing Party shall delay any publication for a period of up to [**] days at the request of the other Party where such delay is reasonably necessary in relation to a patent filing by the other Party. Such designated Person shall respond promptly and in no event later than [**] days after receipt of the proposed material. With respect to any proposed abstracts, manuscripts or summaries for publication or presentation by investigators or other Third Parties, such materials shall be subject to review under the principles of this Section 10.3 to the extent reasonably practicable. Nothing in this Article X shall be construed to limit the right of Biodesix's or AVEO's clinical investigators to publish the results of their own studies, provided that the Parties shall endeavor to obtain customary review rights in their agreements with clinical investigators and/or their institutions. In the event a Party exercises its Opt-Out right, (i) the obligations in this Section 10.3 shall continue to apply to any publication or presentation by AVEO with respect to Biodesix Intellectual Property or Veristrat, (ii) either Party shall provide at least [**] days prior written notice of any publication or presentation by such Party of any Clinical Data, Diagnostic Data or Biomarker Data generated prior to the exercise of such Opt-Out, , and (iii) the obligations in this Section 10.3 shall no longer apply to other publications or presentations.

10.4. Required Disclosure. To the extent the receiving Party is required to disclose Confidential Information of the disclosing Party in order to comply with applicable Laws or legal process or to comply with governmental regulations or the regulations or requirements of any stock exchange, such disclosure shall not constitute a breach of this Article X, provided that the receiving Party promptly provides prior notice of such disclosure to the other Party and uses reasonable efforts to avoid or minimize the degree of such disclosure.

10.5. Disclosure of Agreement. Neither Party shall disclose the terms and conditions of this Agreement except: (i) as set forth under Sections 10.4 or 15.7; or (ii) under a duty of confidentiality to actual or prospective Licensees, collaborators, investors, sources of capital, acquirers, attorneys and financial advisors of such Party.

ARTICLE XI - REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1. AVEO's Representations. AVEO hereby represents and warrants as of the Effective Date as follows:

(a) AVEO has the corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement has been duly and validly authorized and approved by proper corporate action on the part of AVEO. AVEO has taken all other action required by applicable Law, its certificate of incorporation or by-laws or any agreement to which it is a party or by which it or its assets are bound, to authorize such execution, delivery and (subject to obtaining all necessary governmental approvals with respect to the continued Development of Ficlatuzumab) performance. Assuming due authorization, execution and delivery on the part of Biodesix, this Agreement constitutes a legal, valid and binding obligation of AVEO, enforceable against AVEO in accordance with its terms.

(b) The execution and delivery of this Agreement by AVEO and the performance by AVEO contemplated hereunder will not violate (subject to obtaining all necessary governmental approvals with respect to AVEO's obligations under the Development Plan) any United States Law or, to AVEO's knowledge, any Law outside the United States.

(c) Neither the execution and delivery of this Agreement nor the performance hereof by AVEO requires AVEO to obtain any permit, authorization or consent from any Regulatory Authority (subject to obtaining all necessary governmental approvals with respect to the Development Program activities) or from any other Person, and such execution, delivery and performance by AVEO will not result in the breach of or give rise to any encumbrance, termination of, rescission, renegotiation or acceleration under or trigger any other rights under any agreement or contract to which AVEO may be a party that relates to Ficlatuzumab or the AVEO Intellectual Property Rights, except any that would not, individually or in the aggregate, reasonably be expected to adversely affect Biodesix's rights under this Agreement or the ability of AVEO to perform its obligations under this Agreement.

(d) AVEO represents that neither AVEO nor, to AVEO's knowledge, any Person controlling (as such term is used in Section 1.1 above) AVEO has ever been convicted of a criminal offense, assessed civil monetary penalties pursuant to the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a, or excluded from the Medicare program or any state healthcare program. AVEO further represents that neither AVEO nor, to AVEOs knowledge, any Person controlling (as such term is used in Section 1.1 above) AVEO is subject to an action or investigation that could lead to the conviction of a criminal offense, the assessment of civil monetary penalties pursuant to the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a, or exclusion from the Medicare program or any state healthcare program. AVEO shall notify Biodesix within [**] days if an action or investigation results in such a conviction, assessment or exclusion. In the event that AVEO becomes excluded during the Term of the Agreement, Biodesix shall be entitled to terminate the Agreement effective immediately.

(e) It is not contemplated that Biodesix will transmit to AVEO any Personal Data. However, to the extent that Personal Data can be identified from any transmitted data,

participation in the Development Plan or otherwise, AVEO shall hold in confidence all Personal Data except as required or permitted under this Agreement, or to the extent necessary to be disclosed to Regulatory Authorities as part of the review process. In addition, AVEO 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), as amended, and the regulations promulgated thereunder, to the extent such Personal Data consists of Protected Health Information (PHI) as defined in HIPAA. AVEO agrees to use commercially reasonable efforts to ensure that all appropriate technical and organization measures are taken to protect Personal Data, including PHI, 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, to the extent applicable, PHI.

(f) AVEO possesses all rights in the Existing Supply of Ficlatuzumab necessary to transfer the Existing Supply of Ficlatuzumab to Biodesix or Third Parties such that it will be free and clear of any and all liens, mortgages, charges, security interests, pledges or other encumbrances or adverse claims of any nature, whether arising by agreement, operation of law or otherwise (collectively, "Liens") upon such transfer.

(g) AVEO has performed reasonable diligence on its suppliers, and shall continue to perform such due diligence and negotiate appropriate terms with respect to quality with its suppliers as necessary to meet such quality standards as required by Regulatory Authorities, which quality requirements shall be further detailed in the Development Plan. AVEO shall not knowingly, and shall take commercially reasonable steps during the Term to ensure its suppliers shall not, provide any counterfeit, adulterated or misbranded Product; and shall immediately inform Biodesix following its receipt of any information which states that the integrity or legal status of any Product provided hereunder has been called into question by any retailer, wholesaler, or state or federal authority, or that any Product contributed to the Development hereunder is suspected of being counterfeit, stolen, adulterated, misbranded or otherwise an unlawful product and shall provide Biodesix with prompt written confirmation of any such event, including copies of any all documents related thereto.

(h) Except as disclosed by AVEO to Biodesix in writing, to AVEO's knowledge, use of Ficlatuzumab in accordance with this Agreement shall not infringe upon any ownership rights of any Third Party or upon any patent, copyright, trademark, or other intellectual property or proprietary right or trade secret of any Third Party.

(i) The Manufacture for Ficlatuzumab does not relate to, derive from, or include the use of [**], or [**] *per se* or as relevant to trigger any licensing rights or obligations as provided under the [**] Agreement, in each case which would prevent the use of Ficlatuzumab by the Parties as expressly contemplated under this Agreement.

(j) Under the terms of the [**] Agreement, use of Product and [**] (each as defined in the [**] Agreement) sourced from [**] to [**] does not require the payment of any fees, or remuneration of any type, to [**] other than the transfer price paid to [**] for such Product and [**].

(k) Except as set forth on Schedule 11.1(k), the Development or Commercialization of Ficlatuzumab pursuant hereto shall not require payment to any counterparty to the AVEO Third Party Agreements or to any other agreement with a Third Party to which AVEO is a party relating to such counterparty's Intellectual Property.

(l) The license of all AVEO Intellectual Property, Clinical Data and Biomarker Data, or the continued Development or Commercialization of Ficlatuzumab by Biodesix in the event of an Opt-Out by AVEO, does not and will not require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any Person the right to accelerate, terminate, modify or cancel, any contract to which AVEO is a party that relates to Ficlatuzumab. Except as set forth on Schedule 8.1(c), no contract to which AVEO is a party, including the AVEO Third Party Agreements, shall limit or otherwise impact, in any material respect, the scope of the rights granted by AVEO to Biodesix or the scope of the obligations owed by AVEO to Biodesix pursuant hereto.

(m) The prosecution, maintenance and enforcement of any and all AVEO Patent Rights solely owned by AVEO pursuant to Section 9.1(b) are not subject to the terms and conditions of any of the Third Party Agreements.

11.2. Biodesix's Representations. Biodesix hereby represents and warrants as of the Effective Date as follows:

(a) Biodesix has the corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement has been duly and validly authorized and approved by proper corporate action on the part of Biodesix. Biodesix has taken all other action required by applicable Law, its certificate of incorporation or by-laws or any agreement to which it is a party or by which it or its assets are bound to authorize such execution, delivery and (subject to obtaining all necessary governmental approvals with respect to the continued Development, Manufacture and Commercialization of VeriStrat) performance. Assuming due authorization, execution and delivery on the part of AVEO, this Agreement constitutes a legal, valid and binding obligation of Biodesix, enforceable against Biodesix in accordance with its terms.

(b) The execution and delivery of this Agreement by Biodesix and the performance by Biodesix contemplated hereunder will not violate (subject to obtaining all necessary governmental approvals with respect to the continued Development, Manufacture and Commercialization of VeriStrat) any United States applicable Law or, to Biodesix's knowledge, any applicable Law outside the United States.

(c) Neither the execution and delivery of this Agreement nor the performance hereof by Biodesix requires Biodesix to obtain any permit, authorization or consent from any Regulatory Authority (subject to obtaining all necessary governmental approvals with respect to the continued Development, Manufacture and Commercialization of VeriStrat) or from any other Person, and such execution, delivery and performance by Biodesix will not result in the breach of or give rise to any termination of, rescission, renegotiation or acceleration under or trigger any

other rights under any agreement or contract to which Biodesix may be a party that relates to VeriStrat or the Biodesix Intellectual Property Rights, except any that would not, individually or in the aggregate, reasonably be expected to adversely affect AVEO's rights under this Agreement or the ability of Biodesix to perform its obligations under this Agreement

(d) Biodesix represents that neither Biodesix nor, to Biodesix' knowledge, any Person controlling (as such term is used in Section 1.1 above) Biodesix has ever been convicted of a criminal offense, assess civil monetary penalties pursuant to the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a, or excluded from the Medicare program or any state healthcare program. Biodesix further represents that neither Biodesix nor, to Biodesix' knowledge, any Person controlling (as such term is used in Section 1.1 above) Biodesix is subject to an action or investigation that could lead to the conviction of a criminal offense, the assessment of civil monetary penalties pursuant to the Civil Monetary Penalties Law, or exclusion from the Medicare program or any state healthcare program. Biodesix shall notify AVEO within [**] days if an action or investigation results in such a conviction, assessment or exclusion. In the event that Biodesix becomes excluded during the Term of the Agreement, AVEO shall be entitled to terminate the Agreement effective immediately.

11.3. Compliance. Each Party shall conduct, and shall use reasonable efforts to cause its contractors and consultants to conduct, all of its activities contemplated under this Agreement in accordance with all applicable Laws of the country in which such activities are conducted. Each Party agrees and certifies that the Agreement is not intended to generate referrals for services or supplies for which payment may be made in whole or in part under any federal, state or other governmental health care program.

Each of AVEO and Biodesix (the "Declaring Party") warrants and represents to the other Party that neither the Declaring Party nor any of the Declaring Party's officers, directors, employees, agents, subcontractors or other representatives has performed or will perform during the Term of this Agreement any of the following acts in connection with this Agreement, any compensation paid or to be paid hereunder, any payment made or to be made hereunder, or any other transactions involving the business interests of either AVEO or Biodesix: offer or promise to pay, or authorize the payment of, any money, or give or promise to give, or authorize the giving of, any services or anything else of value, either directly or through a third party, to any officer or employee of a public international organization (as designated under 22 U.S.C. § 288) or of any government or governmental instrumentality within the Territory, or of any agencies or subdivisions thereof, or to any political party or official thereof or to any candidate for political office for the purpose of (i) influencing any act or decision of that person in his official capacity, including a decision to fail to perform his official functions with such government or instrumentalities, (ii) inducing such person to use his influence with such government or instrumentalities to affect or influence any act or decision thereof or (iii) securing any improper advantage.

11.4. No Warranty. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY HERETO MAKES ANY REPRESENTATION AND EXTENDS NO WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT. IN PARTICULAR, BUT WITHOUT LIMITATION, AVEO MAKES NO REPRESENTATION AND EXTENDS NO WARRANTY CONCERNING WHETHER FICLATUZUMAB IS FIT FOR ANY PARTICULAR PURPOSE OR SAFE FOR HUMAN CONSUMPTION.

ARTICLE XII - INDEMNIFICATION AND INSURANCE

12.1. Indemnification in Favor of AVEO. Biodesix shall indemnify, defend and hold harmless the AVEO Parties (as hereinafter defined) from and against any and all claims, suits, losses, liabilities, damages, costs, fees and expenses (including reasonable attorneys' fees) ("Losses") incurred, suffered or sustained by any of the AVEO Parties or to which any of the AVEO Parties becomes subject, arising out of, relating to or resulting from any Third Party claim, action, suit, proceeding, liability or obligation (collectively, "Third Party Claims") arising out of, relating to or resulting from:

(a) any breach of any representation, warranty, covenant or agreement made by Biodesix in this Agreement;

(b) any violation of applicable Law by Biodesix in connection with activities undertaken by Biodesix relating to Development Plan activities or the VeriStrat Development Plan;

(c) the gross negligence or willful misconduct of any of the Biodesix Parties (as hereinafter defined) in connection with Biodesix's performance of this Agreement; or

(d) the Development, Manufacture, use or Commercialization of VeriStrat in connection with Ficlatuzumab.

For purposes of this Article XII, "AVEO Parties" means AVEO, its Affiliates and their respective licensors, agents, directors, officers, employees and shareholders.

The indemnification obligations set forth in this Section 12.1 shall not apply to the extent that any Loss is the result of a breach of this Agreement by AVEO or, with respect to any indemnitee, the gross negligence or willful misconduct of such indemnitee.

12.2. Indemnification in Favor of Biodesix. AVEO shall indemnify, defend and hold harmless the Biodesix Parties from and against any and all Losses incurred, suffered or sustained by any of the Biodesix Parties or to which any of the Biodesix Parties becomes subject, arising out of, relating to or resulting from any Third Party Claim arising out of, relating to or resulting from:

(a) any breach of any representation, warranty, covenant or agreement made by AVEO in this Agreement;

(b) any violation of applicable Law by AVEO in connection with activities undertaken by AVEO relating to Development Plan activities or Ficlatuzumab;

(c) the gross negligence or willful misconduct of any of the AVEO Parties in connection with AVEO's performance of its obligations under this Agreement; or

(d) the costs of defending any litigation regarding alleged infringement claims arising from the matters disclosed by AVEO to Biodesix in writing, it being agreed that (i) AVEO shall be responsible for all costs associated with litigating such alleged infringement claims, including defenses and counterclaims asserted against the Parties to such infringement suits, and shall indemnify Biodesix therefor and shall control the defense and settlement thereof, and (ii) in the event the resolution of such alleged infringement claims results in a settlement or a judgment awarding infringement damages to a Third Party plaintiff thereunder, Biodesix agrees to share the costs of such settlement or damages award, including the costs of any license resulting from such settlement or entered into in connection with the satisfaction of such damages award, with AVEO on an equal basis.

For purposes of this Article XII, "Biodesix Parties" means Biodesix, its Affiliates and their respective agents, directors, officers, employees and shareholders.

The indemnification obligations set forth in this Section 12.2 shall not apply to the extent that any Loss is the result of a breach of this Agreement by Biodesix or, with respect to any indemnitee, the gross negligence or willful misconduct of such indemnitee.

12.3. General Indemnification Procedures.

(a) A Person seeking indemnification pursuant to this Article XII (an "Indemnified Party") shall give prompt notice to the Party from whom such indemnification is sought (the "Indemnifying Party") of the commencement or assertion of any Third Party Claim (which in no event includes any claim by any Biodesix Party or any AVEO Party) in respect of which indemnity may be sought hereunder, shall give the Indemnifying Party such information with respect to any indemnified matter as the Indemnifying Party may reasonably request, and shall not make any admission concerning any Third Party Claim, unless such admission is required by applicable Law or legal process, including in response to questions presented in depositions or interrogatories. Any admission made by the Indemnified Party or the failure to give such notice shall relieve the Indemnifying Party of any liability hereunder only to the extent that the ability of the Indemnifying Party to defend such Third Party Claim is prejudiced thereby (and no admission required by applicable Law or legal process shall be deemed to result in prejudice). The Indemnifying Party shall assume and conduct the defense of such Third Party Claim, with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. Subject to the initial and continuing satisfaction of the terms and conditions of this Article XII, the Indemnifying Party shall have full control of such Third Party Claim, including settlement negotiations and any legal proceedings. If the Indemnifying Party does not assume the defense of such Third Party Claim in accordance with this Section 12.3, the Indemnified Party may defend the Third Party Claim. If both Parties are Indemnifying Parties with respect to the same Third Party Claim, the Parties shall determine by mutual agreement, within [**] days following their receipt of notice of commencement or assertion of such Third Party Claim (or such lesser period of time as may be required to respond properly to such claim), which Party shall assume the lead role in the defense thereof. Should the Indemnifying Parties be unable to mutually agree on which of them shall assume the lead role in the defense of such Third Party Claim, both Indemnifying Parties shall be entitled to participate in such defense through counsel of their respective choosing.

(b) Any Indemnified Party or Indemnifying Party not managing the defense of a Third Party Claim shall have the right to participate in (but not control), at its own expense (subject to the immediately succeeding sentence), the defense. The Indemnifying Party managing the defense shall not be liable for any litigation cost or expense incurred, without its consent, by the Indemnified Party (or an Indemnifying Party not managing the defense) where the action or proceeding is under the control of such Indemnifying Party; provided, however, that if the Indemnifying Party managing the defense fails to take reasonable steps necessary to defend such Third Party Claim, the Indemnified Party may assume its own defense, and the Indemnifying Party managing the defense will be liable for all reasonable costs or expenses paid or incurred in connection therewith.

(c) The Indemnifying Party shall not consent to a settlement of, or the entry of any judgment against an Indemnified Party arising from any such Third Party Claim to the extent such Third Party Claim involves equitable or other non-monetary relief from the Indemnified Party. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, enter into any compromise or settlement that commits the Indemnified Party to take, or to forbear to take, any action.

(d) The Parties shall cooperate in the defense or prosecution of any Third Party Claim and shall furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

12.4. Insurance. Each Party agrees that it shall secure and maintain in full force and effect throughout the Term (and following termination, to cover any claims or liabilities arising from this Agreement) commercial general liability insurance ("Commercial Insurance") and product liability insurance ("Product Liability Insurance") to cover any claims or liabilities arising from this Agreement. Each Party shall also secure and maintain workers' compensation insurance in accordance with applicable law. Any limits on a Party's insurance coverage shall not be construed to create a limit on its liability with respect to any of its obligations hereunder or the products developed, provided or commercialized hereunder. Each such commercial general liability insurance policy and product liability policy shall provide at least [**] days prior written notice to the other Party of the cancellation, non-renewal or substantial modification thereof. Each Party shall supply certificates of insurance to the other Party upon request. Each Party shall be named as additional insureds on such other Party's commercial general liability insurance policy. By no later than the second anniversary of the Effective Date, each Party agrees that it shall secure and maintain in full force and effect the Commercial Insurance and Product Liability Insurance, each in the amount of at least $[**] per occurrence.

ARTICLE XIII - TERM AND TERMINATION

13.1. Term. The term of this Agreement (the "Term") shall commence on the Effective Date and, unless earlier terminated as provided in this Article XIII, shall continue in full force and effect until either (i) terminated as set forth herein or (ii) expressly terminated by the Commercialization Agreement.

13.2. Termination for Cause. In the event of a material breach of this Agreement by a Party, the other Party may give the Party in default notice requiring it to cure such default. If such material breach is not cured within [**] days after receipt of such notice (or within [**] days in the case of a payment breach), the notifying Party shall be entitled (without prejudice to any of its other rights conferred on it by this Agreement or under applicable Law) to terminate this Agreement by giving written notice to the defaulting Party, with such termination to take effect immediately. The right of either Party to terminate this Agreement as set forth in this Section 13.2 shall not be affected in any way by its waiver of, or failure to take action with respect to, any previous default.

13.3. Termination for Insolvency. This Agreement may be terminated by a Party upon written notice to the other Party if: (a) the other Party shall make an assignment for the benefit of its creditors, file a petition in bankruptcy, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets, or shall commence any proceeding under any bankruptcy, reorganization, readjustment of debt, dissolution or liquidation Law or statute of any jurisdiction, whether now or hereafter in effect; (b) if there shall have been filed against the other Party any such bona fide petition or application, or any such proceeding shall have been commenced against it, in which an order for relief is entered or that remains undismissed or unstayed for a period of ninety (90) days or more; or (c) if the other Party by any act or omission shall indicate its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for it or any substantial part of its assets, or shall suffer any such custodianship, receivership or trusteeship to continue undischarged or unstayed for a period of ninety (90) days or more. Termination shall be effective upon the date specified in such notice.

13.4. Effect of Termination and Expiration; Accrued Rights and Obligations.

(a) In the event of termination of this Agreement by AVEO under Section 13.2 or Section 13.3: (a) if such termination is effective prior to the earliest time at which Biodesix is entitled to Opt-Out pursuant to Section 3.5(c), then following such termination Biodesix shall not be entitled to receive any royalties, share of License Income, share of profits and losses or any other payments of any kind relating to Ficlatuzumab under this Agreement, the Commercialization Agreement or otherwise; and (b) if such termination is effective after the earliest time at which Biodesix is entitled to Opt-Out pursuant to Section 3.5(c), then Biodesix shall be deemed to have validly exercised its Opt-Out right as authorized under Section 3.5(c) effective as of the termination date for all purposes hereunder.

(b) In the event of termination of this Agreement by Biodesix under Section 13.2 or Section 13.3, which breach (or the event underlying such breach) does not prevent or irreparably disrupt the completion of the NSCLC POC Trial, then AVEO shall be deemed to have validly exercised its Opt-Out right as authorized under Section 3.5(c) effective as of the termination date for all purposes hereunder. In the event of termination of this Agreement by Biodesix under Section 13.2 or Section 13.3, which breach (or the event underlying such breach) prevents or irreparably disrupts the completion of the NSCLC POC Trial, then AVEO shall be deemed to have validly exercised its Opt-Out right as authorized under Section 3.5(c) effective as of the termination date for all purposes hereunder, except that AVEO shall be entitled to an Opt-Out Royalty of [**]% of the otherwise applicable Opt-Out Royalty. In the event of

termination of this Agreement by Biodesix under Section 13.2 or 13.3, Biodesix shall have no further obligations hereunder with respect to the VeriStrat Development Plan. Biodesix's obligations relating to the VeriStrat Development Plan hereunder shall survive in the event of any termination of this Agreement other than a termination by Biodesix pursuant to Section 13.2 or 13.3.

(c) Termination of this Agreement for any reason shall not release either Party from any liability that, at the time of such termination, has already accrued or that is attributable to a period prior to such termination (including payment obligations accrued prior to the effective date of termination) nor preclude either Party from pursuing any right or remedy it may have hereunder or at Law or in equity with respect to any breach of this Agreement. It is understood and agreed that monetary damages may not be a sufficient remedy for any breach of this Agreement and that the non-breaching Party may be entitled to seek injunctive relief as a remedy for any such breach.

13.5. Survival. The rights and obligations set forth in this Agreement shall extend beyond the Term or termination of this Agreement only to the extent expressly provided for in this Agreement or to the extent required to give effect to a termination of this Agreement or the consequences of a termination of this Agreement as expressly provided for in this Agreement. Without limiting the generality of the foregoing, it is agreed that the provisions of Sections 5.5, 8.1, 8.2, 9.1, 9.2, 10.1, 10.2, 10.3, 10.4, 10.5, 11.4, 12.1, 12.2, 12.3, 12.4, 14.2, 14.3, 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.11, 15.12, 15.13, 15.14, 15.15, and 15.16 shall survive expiration or termination of this Agreement for any reason.

ARTICLE XIV - DISPUTE RESOLUTION

14.1. Informal Resolution. In the event of any controversy or claim arising out of or relating to this Agreement, or the rights or obligations of the Parties hereunder, the Parties shall first submit the matter to the JSC. If the JSC is unable to resolve such disputed matter within [**] days, either Party may refer the matter by written notice to the Chief Executive Officers of the Parties for discussion and resolution of such dispute within [**] days of such written notice (or such longer period of time as the Parties may mutually agree).

14.2. Arbitration.

(a) If the Parties are unable to resolve such dispute as provided in Section 14.1, either Party may submit such dispute to arbitration by notifying the other Party, in writing, of such dispute. Within [**] days after receipt of such notice, the Parties shall designate in writing a single arbitrator to resolve the dispute; provided, however, that if the Parties cannot agree on an arbitrator within such [**] day period, the arbitrator shall be selected by the New York, New York office of the American Arbitration Association (the "AAA"). The arbitrator shall be a lawyer knowledgeable and experienced in the law concerning the subject matter of the dispute, and shall not be an Affiliate, employee, consultant, officer, director or stockholder of any Party.

(b) Within [**] days after the designation of the arbitrator, the arbitrator and the Parties shall meet, at which time the Parties shall be required to set forth in writing all disputed issues and a proposed ruling on the merits of each such issue.

(c) The arbitrator shall set a date for a hearing, which shall be no later than [**] days after the submission of written proposals pursuant to Section 14.2(b), to discuss each of the issues identified by the Parties. The Parties shall have the right to be represented by counsel. Except as provided herein, the arbitration shall be governed by the Commercial Arbitration Rules of the AAA; provided, however, that the Federal Rules of Evidence shall apply with regard to the admissibility of evidence.

(d) The arbitrator shall use his or her best efforts to rule on each disputed issue in an expeditious manner. The determination of the arbitrator as to the resolution of any dispute shall be binding and conclusive upon the Parties. All rulings of the arbitrator shall be in writing and shall be delivered to the Parties.

(e) 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 as determined by the arbitrator.

(f) Any arbitration pursuant to this Section 14.2 shall be conducted in New York, New York. Judgment upon the award so rendered may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of any award and an order of enforcement, as the case may be.

14.3. No Limitation. Nothing in this Article XIV shall be construed as limiting in any way the right of a Party to seek a temporary restraining order or preliminary injunction with respect to any actual or threatened breach of this Agreement from, or to bring an action in aid of arbitration.

ARTICLE XV - MISCELLANEOUS

15.1. Governing Law. This Agreement and any dispute arising from the performance or breach of this Agreement shall be governed by, construed and enforced in accordance with the Laws of the State of Delaware, without regard to its conflicts of laws rules. The provisions of the United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement or any subject matter hereof.

15.2. Waiver. Waiver by a Party of a breach hereunder by the other Party shall not be construed as a waiver of any succeeding breach of the same or any other provision. No delay or omission by a Party to exercise or avail itself of any right, power or privilege that it has or may have hereunder shall operate as a waiver of any right, power or privilege by such Party. No waiver shall be effective unless made in writing with specific reference to the relevant provision(s) of this Agreement and signed by a duly authorized representative of the Party granting the waiver.

15.3. Notices. All notices, instructions and other communications hereunder or in connection herewith shall be in writing, shall be sent to the address specified in this Section 15.3

and shall be: (a) delivered personally; (b) sent by registered or certified mail, return receipt requested, postage prepaid; (c) sent via a reputable nationwide overnight courier service; or (d) sent by facsimile transmission or electronic mail. Any such notice, instruction or communication shall be deemed to have been delivered upon receipt if delivered by hand, three (3) Business Days after it is sent by registered or certified mail, return receipt requested, postage prepaid, one (1) Business Day after it is sent via a reputable nationwide overnight courier service, or when transmitted with electronic confirmation of receipt, if transmitted by facsimile or email (if such transmission is on a Business Day; otherwise, on the next Business Day following such transmission).

Notices to Biodesix shall be addressed to:

Biodesix, Inc.
2970 Wilderness Place, Suite 100
Boulder, Colorado 80301
Attention: Legal and Regulatory Affairs
Telephone: (303) 417-0500
Facsimile: (303) 417-9700

With copies to (which shall not constitute notice):

Biodesix, Inc.
2970 Wilderness Place, Suite 100
Boulder, Colorado 80301
Attention: Business Development
Telephone: (303) 417-0500
Facsimile: (303) 417-9700

Notices to AVEO shall be addressed to:

AVEO Pharmaceuticals, Inc.
650 E. Kendall Street
Cambridge, MA 02142
Attention: Chief Business Officer
Facsimile: (617) 812-6204

with a copy to:

Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, MA 02109
Attention: Steven D. Barrett, Esq.
Facsimile: (617) 526-5000

Either Party may change its address by giving notice to the other Party in the manner provided above.

15.4. Entire Agreement. This Agreement (including Exhibits) contains the complete understanding of the Parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating to such subject matter, including the MTA which is hereby merged and subsumed into, and superseded by this Agreement. No amendment change or addition to this Agreement will be effective or binding on either Party unless reduced to writing and duly executed on behalf of both Parties.

15.5. Headings. Headings in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

15.6. Severability. If any provision of this Agreement is held unenforceable by a court or tribunal of competent jurisdiction because it is invalid or conflicts with any Law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected. In such event, the Parties shall negotiate a substitute provision that, to the extent possible, accomplishes the original business purpose.

15.7. Registration and Filing of the Agreement. To the extent a Party determines in good faith that it is required by applicable Law to publicly file, register or notify this Agreement with a Regulatory Authority, including public filings pursuant to securities Laws, it shall provide the proposed redacted form of the Agreement to the other Party a reasonable amount of time prior to filing for the other Party to review such draft and propose changes to such proposed redactions. The Party making such filing, registration or notification shall incorporate any proposed changes timely requested by the other Party, absent a substantial reason to the contrary, and shall use commercially reasonable efforts to seek confidential treatment for any terms that the other Party timely requests be kept confidential, to the extent such confidential treatment is reasonably available consistent with applicable Law. Each Party shall be responsible for its own legal and other external costs in connection with any such filing, registration or notification.

15.8. Assignment; Change of Control.

Neither this Agreement nor any right or obligation hereunder may be assigned or otherwise transferred by any Party without the consent of the other Party, which shall not be unreasonably withheld; provided, however, that any Party may, without such consent, assign this Agreement: (a) in whole or in part to any of its respective Affiliates; provided that such Party shall remain primarily liable in respect of all obligations so assigned and such Affiliate has

acknowledged and confirmed in writing that effective as of such assignment or other transfer, such Affiliate shall be bound by this Agreement as if it were a party to it as and to the identical extent applicable to the transferor; or (b) to any successor in interest by way of a Change of Control, acquisition or sale of all or substantially all of its assets relating to the subject matter of this Agreement (where any such transaction shall constitute an attempted assignment of this Agreement) provided that (1) such Party shall remain primarily liable in respect of all obligations so assigned and such successor has acknowledged and confirmed in writing that effective as of such assignment or other transfer, such successor shall be bound by this Agreement as if it were a party to it as and to the identical extent applicable to the transferor; (2) such successor agrees in writing to be bound by the terms of this Agreement as if it were the assigning party and (3) such successor agrees in writing to be bound by the terms of Section 15.8(b). Upon a Change of Control of either Party and upon an assignment of this Agreement in its entirety by either Party, the Party or the assignee, as the case may be, agrees to: (a) use Commercially Reasonable efforts to satisfy the Development or Commercialization timeline (e.g., GANT chart) then approved by the JSC and in effect; and (b) use no less effort in the performance of the Party's or the assigning Party's, as applicable, obligations hereunder than the Party or the assigning Party, as applicable, was itself using prior to such transaction.

In addition, any purported assignment in violation of this Section 15.8 shall be void. Any permitted assignee shall assume all assigned obligations of its assignor under this Agreement.

Notwithstanding anything to the contrary in this Agreement, if a Party to this Agreement is acquired or otherwise becomes directly or indirectly "controlled" (as such term is defined for purposes of Section 1.1) by one or more entities that were not Affiliates of such Party as of the Effective Date, the Know-How and Patent Rights of such acquiring or otherwise controlling entity(-ies) shall not be subject to the rights and licenses granted to the other Party under this Agreement, except to the extent such acquiring or otherwise controlling entity(-ies) participate in activities pursuant to this Agreement, in which case the Know-How and Patent Rights that such entity(-ies) generate in the conduct of such activities shall be subject to the rights and licenses granted to the other Party under this Agreement.

15.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission or .pdf delivered via email will constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

15.10. Force Majeure. Except with respect to payment obligations, neither Party shall be liable for failure of or delay in performing obligations set forth in this Agreement, and neither Party shall be deemed in breach of its obligations, if such failure or delay is due to a natural disaster, explosion, fire, flood, tornadoes, thunderstorms, earthquake, war, terrorism, riots, embargo, losses or shortages of power, labor stoppage, substance or material shortages, damage to or loss of product in transit, events caused by reason of Laws of any Regulatory Authority, events caused by acts or omissions of a Third Party, or any other cause reasonably beyond the control of such Party.

15.11. Public Disclosure. In connection with the execution of this Agreement, the Parties shall jointly issue one or more press releases, the contents of which shall be substantially similar to Exhibit C, with such other contents and changes as may be mutually agreed. Except as otherwise required by applicable Law, neither Party shall issue any additional press release or make any other public disclosure concerning this Agreement or the subject matter hereof without first providing the other Party with a copy of the proposed release or public disclosure for review and comment, provided that such right of review and comment shall only apply for the first time that specific information is to be disclosed, and shall not apply to the subsequent disclosure of substantially similar information that has previously been disclosed. The Party proposing to make the press release or other public disclosure shall give due consideration to any reasonable comments by the other Party relating to such proposed press release or other public disclosure. The principles to be observed by Biodesix and AVEO in press releases or other public disclosures with respect to this Agreement shall be: accuracy, compliance with applicable legal requirements, the requirements of confidentiality under Article X and normal business practice in the pharmaceutical industry for disclosures by companies comparable to Biodesix and AVEO. For the avoidance of doubt, either Party may issue such press releases as it determines, based on advice of counsel, are reasonably necessary to comply with applicable Law or for appropriate market disclosure. It is understood, however, that except as required by applicable Law, the Parties shall not disclose the specific financial terms and conditions of this Agreement in any press release or other public disclosure. In addition, if a public disclosure is required by applicable Law, including in a filing with the United States Securities and Exchange Commission, the disclosing Party shall provide copies of the proposed disclosure reasonably in advance of such filing or other disclosure for the non-disclosing Party's prior review and comment and shall give due consideration to any reasonable comments by the non-filing Party relating to such filing, including the provisions of this Agreement for which confidential treatment should be sought.

15.12. Third-Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party other than an indemnitee under Article XII. No such 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 either Party.

15.13. Relationship of the Parties. Subject to the terms of this Agreement, the activities and resources of each Party shall be managed by such Party, acting independently and in its individual capacity. Each Party shall bear its own costs incurred in the performance of its obligations hereunder without charge or expense to the other, except as expressly provided in this Agreement. Neither Party shall have any responsibility for the hiring, termination or compensation of the other Party's employees or for any employee compensation or benefits of the other Party's employees, other than with respect to Biodesix's reimbursement obligations under Section 3.5. No employee or representative of a Party shall have any authority to bind or obligate the other Party for any sum or in any manner whatsoever, or to create or impose any contractual or other liability on the other Party without said other Party's approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, the legal relationship under this Agreement of each Party to the other Party shall be that of independent contractor. Nothing in this Agreement shall be construed to establish a relationship of partners or joint venturers between the Parties.

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

15.15. Construction. Each Party acknowledges that it has been advised by counsel during the course of negotiation of this Agreement, and, therefore, that this Agreement shall be interpreted without regard to any presumption or rule requiring construction against the Party causing this Agreement to be drafted. Any reference in this Agreement to an Article, Section, subsection, paragraph, clause or Exhibit shall be deemed to be a reference to any Article, Section, subsection, paragraph, clause or Exhibit, of or to, as the case may be, this Agreement. Except where the context otherwise requires, (a) wherever used, the use of any gender will be applicable to all genders, (b) the word "or" is used in the inclusive sense (and/or), (c) any definition of or reference to any agreement, instrument or other document refers to such agreement, instrument other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein), (d) any reference to any Laws refers to such Laws as from time to time enacted, repealed or amended, (e) the words "herein", "hereof" and hereunder", and words of similar import, refer to this Agreement in its entirety and not to any particular provision hereof, (f) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "but not limited to", "without limitation" or words of similar import.

15.16. No Consequential or Punitive Damages. EXCEPT FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, NEITHER PARTY HERETO WILL BE LIABLE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS, ARISING FROM OR RELATING TO THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF SUCH DAMAGES. NOTHING IN THIS SECTION 15.16 IS INTENDED TO LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF EITHER PARTY UNDER THIS AGREEMENT WITH RESPECT TO THIRD PARTY CLAIMS OR WITH RESPECT TO THE INFRINGEMENT OR MISAPPROPRIATION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS OR CONFIDENTIAL INFORMATION.

[*Remainder of page intentionally left blank.****]***

IN WITNESS WHEREOF, the Parties hereto have set their hand as of the date first above written.

AVEO PHARMACEUTICALS, INC.

By: /s/ Tuan Ha-Ngoc

Title: President and CEO

BIODESIX, INC.

By: /s/ David Brunel

Title: Chief Executive Officer

[SIGNATURE PAGE TO THE CO-DEVELOPMENT AND COLLABORATION AGREEMENT]

EXHIBIT A

INITIAL DEVELOPMENT PLAN

NSCLC POC Trial

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of two pages were omitted. [**]

EXHIBIT B

SUMMARY OF TERMS OF COMMERCIALIZATION AGREEMENT

Ficlatuzumab Commercialization during the Profit-Sharing Phase	AVEO shall be the lead commercialization party, including being responsible for medical affairs, reimbursement services, pricing, general product supply and distribution, selection of service providers, sales operations, and training and marketing; provided that, the Joint Commercialization Committee will agree on all material decisions relating thereto. AVEO shall book sales of Ficlatuzumab worldwide. Commercial budgets and allocation of activities shall be jointly agreed to by the Joint Commercialization Committee, with the understanding that Biodesix and AVEO shall each have the right to co-promote Ficlatuzumab and provide up to 50% of the requisite sales efforts.
Veristrat Commercialization	Except following an Opt-Out by AVEO, (a) Biodesix shall use Commercially Reasonable Efforts to Commercialize VeriStrat as a companion diagnostic for Ficlatuzumab in each of the Major Market jurisdictions, in each case on a timeline that is consistent with the timeline for Commercialization activities for Ficlatuzumab in such jurisdiction, (b) Biodesix shall continue to make VeriStrat commercially available in each such jurisdiction for so long as Ficlatuzumab is made available in such jurisdiction, (c) subject to applicable law in the relevant jurisdiction, Biodesix shall exercise Commercially Reasonable Efforts to adopt a pricing strategy for VeriStrat that does not adversely affect the uptake of Ficlatuzumab in such jurisdiction and (d) Biodesix shall use Commercially Reasonably Efforts to obtain third-party payor reimbursement approval (which, in the United States, shall be deemed to include Medicare reimbursement) in each such jurisdiction as soon as it is eligible to do so. Except following an Opt-Out by AVEO, the terms and conditions of Section 7.4 of the Agreement are hereby incorporated by reference thereto.
Profit Sharing during the Profit-Sharing Phase	AVEO and Biodesix shall share the profits and losses resulting from commercialization of Ficlatuzumab by AVEO and Biodesix worldwide on a 50/50 basis, it being understood that (without limitation) all: (i) inventory build-up and costs associated with launch preparation, (ii) amounts paid to third parties, including for the licensing of intellectual property and/or infringement liability (including pursuant to the AVEO Third Party Agreements), (iii) intellectual property registration, prosecution and maintenance expenses, (iv) recall and product liability costs, (v) manufacturing and supply costs, (vi) sales force and promotional costs, (vii) distribution costs, (viii) regulatory affairs and pharmacovigilance costs, (ix) medical affairs and medical science liaison costs, and (x) costs of post-approval clinical studies (e.g., phase IIIb and

	phase IV studies), which are incurred subsequent to the Effective Date and related to sale of Ficlatuzumab shall be treated as expenses in calculating such profits and losses. For the avoidance of doubt, the foregoing expenses shall include both internal and external expenses. The JSC will oversee all budgets for commercial expenses, including manufacturing and supply and sales force and promotional budgets.
Opt-Out	If either party exercises its Opt-Out right as permitted in the Agreement, then the Opt-Out party shall not be responsible for sharing, or have the right to share, in profits and losses, in which event (i) the other party can elect to proceed without the Opt-Out party's participation and have sole decision making authority over the commercialization of Ficlatuzumab, (ii) the Opt-Out party will receive the Opt-Out Royalty, which shall be a royalty of [**]% of net sales of Ficlatuzumab made by the non-Opt-Out party or its Affiliates (which net sales shall not include License Income), using a net sales definition that is typical in therapeutic product licensing agreements and (iii) if AVEO is the Opt-Out Party, AVEO shall have no further obligation pursuant to the Agreement except for obligations under Section 7.4 which accrued prior to the effective date of such Opt-Out. Notwithstanding the foregoing, if: (a) Ficlatuzumab becomes subject to Follow-On Biologic Competition in a country during the applicable royalty period in such country; (b) all Patent Rights covering Ficlatuzumab in such country have expired; (c) all regulatory exclusivity for Ficlatuzumab in such country has expired; (d) there is a [**]% minimum threshold of market penetration by the follow-on biologic product(s); and (e) where such Follow-On Biologic Competition is otherwise not the result of entry authorized by either Party (whether acting individually or collectively under the JSC), then the foregoing royalty on net sales shall be converted to a [**] percent ([**]%) royalty on net profits of Ficlatuzumab for the balance of the royalty term then remaining in such country. "Follow-On Biologic Competition" shall mean, with respect to a given country, the commercial availability of a Third Party product that: (x) contains an Antibody having an identical or substantially identical amino acid sequence to Ficlatuzumab; and (y) has received regulatory approval for use in such country through any current or future regulatory approval process by which the sponsor or the regulatory agency relies, in whole or in part, directly or indirectly, upon the data supporting Ficlatuzumab. All license fees, royalties and milestone payments owed to Third Parties, including pursuant to the AVEO Third Party Agreements, shall serve to reduce the net sales figure to which the Opt-Out Royalty is applied. In the event that AVEO is the Opt-Out Party, Biodesix shall assume all obligations to pay such license fees, royalties and milestone payments owed to Third Parties, including pursuant to the AVEO Third Party Agreements, based on Biodesix's Development, manufacture and Commercialization of Ficlatuzumab following such Opt-Out.

	In the event that AVEO is the Opt-Out Party, AVEO agrees to provide Ficlatuzumab and provide a manufacturing tech transfer pursuant to Section 3.6(b)(viii) of the Co-Development Agreement. The Opt-Out Royalty would be payable, if Biodesix is the Opt-Out Party, for so long as Ficlatuzumab is marketed by the non-Opt-Out Party or its successors or assigns in any jurisdiction in the Territory and, if AVEO is the Opt-Out Party, for so long as, on a country-by-country basis, any patent or patent application within the AVEO Patent Rights, Biodesix Patent Rights or Joint Patent Rights or any applicable regulatory exclusivity covers the manufacture, use, offer for sale, sale or importation of Ficlatuzumab in the applicable country. Following an Opt-Out by Biodesix, the obligations of Biodesix under "VeriStrat Commercialization" above shall continue. The parties recognize that in order to give effect to the foregoing Opt-Out rights, the parties will need to include customary licensing terms in the Commercialization Agreement. In addition, if an Opt-Out occurs prior to the negotiation of the Commercialization Agreement, the parties recognize that the Commercialization Agreement would be negotiated to include such licensing terms, but would not include the profit and loss sharing and other terms that become inapplicable due to such Opt-Out.
Joint Commercialization Committee during the Profit-Sharing Phase	• Oversees commercialization efforts, including development of commercialization plans and budgets for the JSC's approval. • Reports to JSC, with disputes escalated for resolution by the JSC as described in the Co-Development Agreement. • Would not (nor would the JSC) have oversight of commercialization after an Opt-Out.
Diligence during the Profit-Sharing Phase	The Commercialization Agreement will include an obligation for the parties to use Commercially Reasonable Efforts to commercialize Ficlatuzumab and to perform their obligations pursuant to the agreed commercialization plans and budgets.

EXHIBIT C

PRESS RELEASE

AVEO and Biodesix Partner to Co-Develop and Commercialize
Ficlatuzumab with a Companion Diagnostic for Treatment of NSCLC

Biodesix to Fund Proof of Concept Study

CAMBRIDGE, Mass. and BOULDER, Colo. — April 10, 2014 — AVEO Oncology (NASDAQ: AVEO) and Biodesix, Inc. today announced that they have entered into a worldwide agreement to develop and commercialize AVEO's hepatocyte growth factor (HGF) inhibitory antibody ficlatuzumab, with a Biodesix® companion diagnostic test. This agreement and the clinical development program will leverage VeriStrat®, a serum protein test that is commercially available to help physicians guide treatment decisions for patients with advanced non-small cell lung cancer (NSCLC). VeriStrat will be used as the selection assay to identify NSCLC patients most likely to benefit from ficlatuzumab.

An exploratory analysis from AVEO's Phase 2 study in first-line NSCLC suggested that VeriStrat was prognostic for outcome in the epidermal growth factor receptor (EGFR) tyrosine-kinase inhibitor (TKI)-treated patients and predicted differential treatment benefit for the combination of ficlatuzumab plus TKI over TKI alone. The predictive effect was observed in both progression-free survival and overall survival endpoints.

Under the terms of the agreement, AVEO will conduct a proof of concept study of ficlatuzumab in combination with erlotinib in advanced NSCLC patients selected using the VeriStrat test. Biodesix will fund up to $15 million of the cost of the study. The companies expect to initiate this clinical study later this year. Any additional development, regulatory and commercial costs for ficlatuzumab beyond the proof of concept study will be shared equally as will any potential profits. Subject to regulatory approval, AVEO will lead worldwide commercialization of ficlatuzumab. Biodesix will be responsible for all development, including FDA engagement activities, sales and marketing costs for VeriStrat, and will retain total revenues for sales of VeriStrat.

"We are pleased to initiate this collaboration with AVEO," said David Brunel, chief executive officer of Biodesix. "Ficlatuzumab is targeting an oncogenic pathway that we believe may be important in certain patient subsets. By leveraging our multiplexed platform and advanced analytics, we hope to identify those patients who gain substantial benefit from ficlatuzumab. We believe our initial work with AVEO is very encouraging."

"This agreement accomplishes a key strategic objective of advancing our pipeline assets through external collaborations and funding," stated Tuan Ha-Ngoc, president and chief executive officer of AVEO. "The exploratory analysis suggests that Biodesix' novel diagnostic test may help define patient populations that can benefit from treatment with ficlatuzumab. We believe this type of innovative partnership between a therapeutic and a molecular diagnostic company is important to advancing personalized medicine."

About Ficlatuzumab

Ficlatuzumab is a humanized IgG1K antibody that binds to the HGF ligand with high affinity and specificity to inhibit the biological activities of the HGF/c-Met pathway. Studies have demonstrated that ficlatuzumab is well tolerated as a single agent as well as in combination with EGFR TKIs.

About the HGF/c-Met Pathway

HGF is the sole ligand that binds to and activates a receptor called c-Met. Activation of the HGF/c-Met pathway is believed to be important in normal processes in embryonic development and wound healing, but its dysregulation is believed to play a role in cancer development, metastasis and drug resistance. HGF/c-Met has also been shown to be one of the most potent drivers of tumor growth in AVEO's Human Response Platform™.

HGF/c-Met over-expression is observed in many solid tumors including breast, colorectal, gastric, head and neck, lung and prostate, as well as hematologic malignancies. Additionally, c-Met and EGFR are frequently co-amplified and co-expressed in a variety of tumor types; HGF/c-Met pathway up-regulation can render resistance to EGFR-targeted therapies, and vice-versa. HGF has also been shown to be one of the most potent growth factors that can drive resistance to a panel of anti-cancer therapies.

About VeriStrat

VeriStrat is a multivariate, blood-based, protein test currently available to help physicians guide treatment decisions for patients with advanced non-small cell lung cancer. The test identifies patients who are likely to have good or poor outcomes after treatment with either epidermal growth factor receptor tyrosine kinase inhibitor (EGFR-TKI) therapy such as erlotinib or with chemotherapy. VeriStrat is based on Biodesix' proprietary proteomics platform which enables the discovery of multivariate classifiers that characterize a patient's condition or likely outcome in response to therapy. www.VeriStratSupport.com

About AVEO

AVEO Oncology (NASDAQ: AVEO) is a biopharmaceutical company committed to discovering and developing targeted therapies designed to provide substantial impact in the lives of people with cancer by addressing unmet medical needs. AVEO's proprietary Human Response Platform™ provides the company unique insights into cancer and related disease biology and is being leveraged in the discovery and clinical development of its therapeutic candidates. For more information, please visit the company's website at www.aveooncology.com.

About Biodesix

Biodesix is a molecular diagnostics company advancing the development of innovative products for personalizing medicine. The company provides physicians with diagnostic tests for earlier disease detection, more accurate diagnosis, disease monitoring and better therapeutic guidance, which may lead to improved patient outcomes. Biodesix discovers, develops and commercializes multivariate protein diagnostics based on their proprietary mass spectrometry-based discovery platform. In addition to developing novel diagnostics independently, the company also partners with biotechnology and pharmaceutical companies to develop companion diagnostics to improve utility of therapeutic agents. For more information about Biodesix, please visit www.Biodesix.com.

Forward-Looking Statements

Private Securities Litigation Reform Act of 1995 that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this press release are forward-looking statements. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "target," "potential," "could," "should," "seek," or the negative of these terms or other similar expressions, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include, among others, statements about AVEO's plans to initiate a proof of concept study of ficlatuzumab, the ability of VeriStrat to identify patients who may gain benefit from ficlatuzumab, and the advancement of AVEO's pipeline assets, including ficlatuzumab. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that AVEO makes due to a number of important factors, including risks relating to: AVEO's ability to execute on its business plan and re-align its resources behind key development opportunities; AVEO's ability to successfully enroll and complete clinical trials and preclinical studies of its product candidates; AVEO's ability to demonstrate to the satisfaction of the FDA, or equivalent foreign regulatory agencies, the safety, efficacy and clinically meaningful benefit of its product candidates; AVEO's ability to achieve and maintain compliance with all regulatory requirements applicable to its product candidates; AVEO's ability to obtain and maintain adequate protection for intellectual property rights relating to its product candidates and technologies; developments and expenses related to AVEO's ongoing shareholder litigation and SEC inquiry; AVEO's ability to raise the substantial additional funds required to achieve its goals; adverse general economic and industry conditions; competitive factors; AVEO's ability to maintain its strategic partnerships and relationships, such as the collaboration with Biodesix described in this press release; and those risks discussed in the

section titled "Risk Factors" included in AVEO's most recent Annual Report on Form 10-K and in its other filings with the SEC. The forward-looking statements in this press release represent AVEO's views as of the date of this press release. AVEO anticipates that subsequent events and developments will cause its views to change. However, while AVEO may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. You should, therefore, not rely on these forward-looking statements as representing AVEO's views as of any date subsequent to the date of this press release.

AVEO Contacts

AVEO Investor Relations:
(617) 299-5810
Media: Dan Budwick, Pure Communications
(973) 271-6085

Biodesix Contacts

Kena Hudson or Kelly Quigley
(510) 908-0966
Biodesix@Chempetitive.com

EXHIBIT D

AVEO THIRD PARTY AGREEMENTS

[**]

EXHIBIT E

INITIAL VERISTRAT DEVELOPMENT PLAN

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of two pages were omitted. [**]

Schedule 8.1(c)

Sections 3.1, 3.3, 3.4, 4.7, 4.8, 6.2, 12.1, and 12.2 of the [**] Agreement and Articles 5, 8 and 10 of the [**] Agreement.

Section 3.18 of the [**] Agreement.

Schedule 11.1(k)

(a) **[**] Agreement.** Sections 4.2, 4.3, 4.4, 6.1, and 6.2 of the [**] Agreement set forth payment obligations related to the Development or Commercialization of Ficlatuzumab. Section 9.1.2 of the [**] Agreements sets forth indemnification obligations owed to [**].

(b) **[**] Agreement.** Pursuant to and as set forth in Section 3.18 of the [**] Agreement and the Project Plan (as defined in the [**] Agreement), AVEO shall pay [**] certain fees in the event AVEO utilizes the [**] to [**] Ficlatuzumab. Currently, AVEO does not utilize the [**] to [**] Ficlatuzumab. Section 5 requires AVEO to pay for [**] according to the pricing stipulated in the Project Plan. Section 3.19 of the [**] Agreement contemplates payments to [**] in relation to performance of a technology transfer. Section 3.20 of the [**] Agreement sets forth payment obligations to [**] in the event of a cancellation or postponement of [**]. Section 6.1 of the [**] Agreement sets forth certain payment obligations in the event of a recall of Ficlatuzumab. Section 6.5 of the [**] Agreement sets forth indemnification obligations owed to [**]. Section 7.2 of the [**] Agreement sets forth amounts owed to [**] in connection with the provision of assistance and information in connection with regulatory filings.

(c) **[**] Agreement.** Pursuant to the Sections 3 and 4 of the [**] Agreement, in the event that AVEO utilizes [**] to [**] Ficlatuzumab, AVEO shall pay [**] the payments as set forth in Section 4 of the [**] Agreement. Section 14 of the [**] Agreement sets forth indemnification obligations owed to [**].

Exhibit 10.3

[AVEO PHARMACEUTICALS LETTERHEAD]

February 3, 2014

Jeno Gyuris, PhD
c/o AVEO Pharmaceuticals, Inc.
650 East Kendall Street
Cambridge, MA 02142

Re: Retention Bonus Award and Severance Agreement

Dear Jeno:

To incentivize you to remain with of AVEO Pharmaceuticals, Inc. (the "Company") and dedicate yourself to its success and to encourage your continued efforts to maximize the Company's value, the Company would like to (i) offer to you a retention bonus subject to the conditions set forth below in this letter agreement (the "Letter Agreement") and (ii) amend your Severance and Change in Control Agreement dated as of December 11, 2009 (the "Severance Agreement"). Terms used herein and not otherwise defined shall have such meaning as set forth in the Severance Agreement.

1. Retention Bonus Payments.

Subject to the conditions set forth below:

(a) if you remain an employee of the Company in good standing through June 1, 2014, you shall be entitled to receive a lump-sum cash payment during the following regular pay period equal to $68,899 (such cash payment, the "2014 Mid-Year Retention Bonus").

(b) if you remain an employee of the Company in good standing through October 1, 2014, you shall be entitled to receive an additional lump-sum cash payment during the following regular pay period equal to $68,899 (such cash payment, the "2014 Year-End Retention Bonus").

(c) if you remain an employee of the Company in good standing through June 1, 2015, you shall be entitled to receive an additional lump-sum cash payment during the following regular pay period equal to 20% of your base salary in effect on June 30, 2015 (such cash payment, the "2015 Retention Bonus").

2. Termination Without Cause or for Good Reason.

Other than as set forth in Sections 2 and 3 of the Severance Agreement, if, at any time, your employment with the Company is terminated by the Company without Cause or due to your Disability, or by you for Good Reason, then the Company shall:

(a) in the event such termination occurs between the Effective Date and the date the 2014 Mid-Year Retention Bonus is paid to you, within thirty (30) days following the execution and non revocation of the Release, pay, to the extent not previously paid, the 2014 Mid-Year Retention Bonus, multiplied by a fraction, the numerator of which shall equal the number of days you were employed by the Company, from and including January 29, 2014, through the date the termination occurs, and the denominator of which shall equal 124;

(b) in the event such termination occurs between the Effective Date and the date the 2014 Year-End Retention Bonus is paid to you, within thirty (30) days following the execution and non revocation of the Release, pay, to the extent not previously paid, the 2014 Year-End Retention Bonus, multiplied by a fraction, the numerator of which shall equal the number of days you were employed by the Company, from and including June 26, 2013 through the date the termination occurs, and the denominator of which shall equal 463; and

(c) in the event such termination occurs between the Effective Date and the date the 2015 Retention Bonus is paid to you, within thirty (30) days following the execution and non revocation of the Release, pay, to the extent not previously paid, the 2015 Retention Bonus, multiplied by a fraction, the numerator of which shall equal the number of days you were employed by the Company, from and including January 29, 2014 through the date the termination occurs, and the denominator of which shall equal 489.

3. Termination upon a Change in Control.

Notwithstanding Section 3 of the Severance Agreement, in the event your employment with the Company following a Change in Control constitutes a Qualifying Termination (as such term is defined in the Change in Control Plan), within thirty (30) days following the execution and non revocation of the Release, you shall be entitled to any applicable payments described in Section 2 of this Agreement with respect to the 2014 Mid-Year Retention Bonus, 2014 Year-End Retention Bonus and 2015 Retention Bonus to the extent provided for therein. For the avoidance of doubt, the retention bonuses described in this Agreement shall not count towards, or otherwise constitute any portion of, your target bonus for purposes of any payment calculation made pursuant to this Agreement or the Change in Control Plan.

4. Other Employment Termination. If your employment terminates for any reason other than as described in Sections 2 and 3 of this Letter Agreement and Severance Agreement, you shall only receive any compensation owed to you as of the termination date and any other post-termination benefits which you are eligible to receive under any plan or program of the Company, including, for the avoidance of doubt, any retention bonus that has become payable under Section 1 of this Letter Agreement.

5. Treatment of Payments.

The payments set forth in Sections 1, 2 and 3 above shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company determines are reasonably required pursuant to any applicable law or regulation. Neither the Employee nor the Company shall have the right to accelerate or to defer the delivery of the payments to be made under Sections 1, 2 and 3 of this Agreement except to the extent permitted or required under Section 409A of the Internal Revenue Code. The rules set forth in Section 5.2 of the Severance Agreement shall apply with respect to distribution of the payments and benefits, if any, to be provided to the Employee under this Agreement.

6. Incorporation by Reference; Miscellaneous.

Sections 6, 7.1, 7.2, 8, 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, and 9.9 of the Severance Agreement are hereby incorporated by reference as though set forth in full herein.

The Severance Agreement is affirmed, ratified and continued as amended by this Letter Agreement. Notwithstanding the foregoing or anything else herein to the contrary, the terms and conditions of that certain employment offer letter dated August 31, 2009 by and between the Company and the Employee shall continue in full force and effect and is hereby ratified and confirmed.

To indicate your acceptance of and agreement to this Letter Agreement, please sign below and return to our office (attn.: Human Resources).

Sincerely,

AVEO Pharmaceuticals, Inc.

By: /s/ Tuan Ha-Ngoc
Title: President and CEO

/s/ Jeno Gyuris
Employee

Exhibit 31.1

CERTIFICATION

I, Tuan Ha-Ngoc, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AVEO Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2014

/s/ Tuan Ha-Ngoc
Tuan Ha-Ngoc
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Tuan Ha-Ngoc, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AVEO Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2014

/s/ Tuan Ha-Ngoc
Tuan Ha-Ngoc
Acting Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of AVEO Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Tuan Ha-Ngoc, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

(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: May 7, 2014

/s/ Tuan Ha-Ngoc
Tuan Ha-Ngoc
President and Chief 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 on Form 10-Q of AVEO Pharmaceuticals, Inc. (the "Company") for the fiscal quarter ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Tuan Ha-Ngoc, Acting Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

(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: May 7, 2014

/s/ Tuan Ha-Ngoc
Tuan Ha-Ngoc
Acting Chief Financial Officer