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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

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: 001-36112

MACROGENICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**06-1591613**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9640 Medical Center Drive, Rockville, Maryland	**20850**
(Address of principal executive offices)	**(Zip code)**

301-251-5172
(Registrant's telephone number, including area code)

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 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 definitions of "accelerated filer," "large 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 ☒

As of April 30, 2015, the number of outstanding shares of the registrant's common stock, par value $0.01 per share, was 30,047,629 shares.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of federal securities laws. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Forward-looking statements can often be identified by the use of terminology such as "subject to", "believe", "anticipate", "plan", "expect", "intend", "estimate", "project", "may", "will", "should", "would", "could", "can", the negatives thereof, variations thereon and similar expressions, or by discussions of strategy.

All forward-looking statements, including, without limitation, our examination of historical operating trends, are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but they are inherently uncertain. We may not realize our expectations, and our beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements. The following uncertainties and factors, among others, could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- our plans to develop and commercialize our product candidates;
- our ongoing and planned clinical trials;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to enter into new collaborations or to identify additional products or product candidates with significant commercial potential that are consistent with our commercial objectives;
- the rate and degree of market acceptance and clinical utility of our products;
- our commercialization, marketing and manufacturing capabilities and strategy;
- significant competition in our industry;
- costs of litigation and the failure to successfully defend lawsuits and other claims against us;
- economic, political and other risks associated with our international operations;
- our ability to receive research funding and achieve anticipated milestones under our collaborations;
- our intellectual property position;
- costs of compliance and our failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;
- loss or retirement of key members of management;
- failure to successfully execute our growth strategy, including any delays in our planned future growth; and
- our failure to maintain effective internal controls.

The factors, risks and uncertainties referred to above and others are more fully described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as updated from time to time in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Forward-looking statements should be regarded solely as our current plans, estimates and beliefs. You should not place undue reliance on forward-looking statements. The forward-looking statements contained herein represent our judgment as of the date of this report. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MACROGENICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2015	December 31, 2014
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 263,134	$ 157,591
Accounts receivable	1,719	2,935
Prepaid expenses	3,617	4,211
Total current assets	268,470	164,737
Restricted cash	300	300
Property and equipment, net	7,236	6,785
Other assets	2,064	2,064
Total assets	$ 278,070	$ 173,886
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,444	$ 1,669
Accrued expenses	7,001	7,930
Lease exit liability	1,696	1,642
Deferred revenue	12,382	14,248
Other liabilities	1,605	1,605
Total current liabilities	24,128	27,094
Lease exit liability, net of current portion	5,914	6,364
Deferred rent liability	2,646	2,670
Deferred revenue, net of current portion	14,389	16,472
Total liabilities	47,077	52,600
Stockholders' equity:		
Common stock, $0.01 par value – 125,000,000 shares authorized, 30,024,535 and 27,995,638 shares outstanding at March 31, 2015 and December 31, 2014, respectively	300	280
Treasury stock, at cost; 865 shares at March 31, 2015 and December 31, 2014	(19)	(19)
Additional paid-in capital	399,629	335,071
Accumulated deficit	(168,917)	(214,046)
Total stockholders' equity	230,993	121,286
Total liabilities and stockholders' equity	$ 278,070	$ 173,886

See accompanying notes.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2015	**2014**
Revenues:		
Revenue from collaborative research	$ 71,165	$ 14,401
Grant revenue	114	318
Total revenues	71,279	14,719
Costs and expenses:		
Research and development	21,464	14,569
General and administrative	4,683	3,258
Total costs and expenses	26,147	17,827
Income (loss) from operations	45,132	(3,108)
Other income (expense)	(3)	—
Net comprehensive income (loss)	$ 45,129	$ (3,108)
Basic net income (loss) per common share	$ 1.53	$ (0.12)
Diluted net income (loss) per common share	$ 1.42	$ (0.12)
Basic weighted average common shares outstanding	29,415,768	26,262,356
Diluted weighted average common shares outstanding	31,684,174	26,262,356

See accompanying notes.

MACROGENICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2015	**2014**
Cash flows from operating activities		
Net income (loss)	$ 45,129	$ (3,108)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	546	398
Share-based compensation	1,631	612
Changes in operating assets and liabilities:		
Accounts receivable	1,216	258
Prepaid expenses	594	(965)
Other assets	—	(1,394)
Accounts payable	(225)	1,964
Accrued expenses	(929)	(848)
Lease exit liability	(396)	(348)
Deferred revenue	(3,949)	9,423
Deferred rent	(24)	(106)
Net cash provided by operating activities	43,593	5,886
Cash flows from investing activities		
Purchases of property and equipment	(997)	(447)
Net cash used in investing activities	(997)	(447)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of offering costs	62,692	76,733
Proceeds from stock option exercises	255	68
Net cash provided by financing activities	62,947	76,801
Net change in cash and cash equivalents	105,543	82,240
Cash and cash equivalents at beginning of period	157,591	116,481
Cash and cash equivalents at end of period	$ 263,134	$ 198,721

See accompanying notes.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of MacroGenics, Inc. (the Company) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. The financial statements include all adjustments (consisting only of normal recurring adjustments) that the management of the Company believes are necessary for a fair presentation of the periods presented. These interim financial results are not necessarily indicative of results expected for the full fiscal year or for any subsequent interim period.

The accompanying unaudited interim consolidated financial statements include the accounts of MacroGenics, Inc. and its wholly owned subsidiary, MacroGenics UK Limited. All intercompany accounts and transactions have been eliminated in consolidation. These consolidated financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in the Company's 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 3, 2015.

There have been no material changes to the significant accounting policies previously disclosed in the Company's 2014 Annual Report on Form 10-K.

2. Fair Value of Financial Instruments

The fair market values of the financial instruments included in the financial statements, which include cash equivalents and money market accounts, approximate their carrying values at March 31, 2015 due to their short-term maturities. The Company accounts for recurring and non-recurring fair value measurements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosures about fair value measurements. The ASC 820 hierarchy ranks the quality of reliability of inputs, or assumptions, used in the determination of fair value and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.
- Level 2 – Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models, such as interest rates and yield curves that can be corroborated by observable market data.
- Level 3 – Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgments to be made by a reporting entity – e.g., determining an appropriate adjustment to a discount factor for illiquidity associated with a given security.

The Company evaluates financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them each reporting period. This determination requires the Company to make subjective judgments as to the significance of inputs used in determining fair value and where such inputs lie within the ASC 820 hierarchy.

Financial assets and liabilities subject to fair value measurements were as follows (in thousands):

	Fair Value Measurements at March 31, 2015			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Cash and cash equivalents	$ 237,088	$ 237,088	$ —	$ —
Money market funds	26,046	26,046	—	—
Restricted cash	300	300	—	—
Total Assets	$ 263,434	$ 263,434	$ —	$ —

	Fair Value Measurements at December 31, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Cash and cash equivalents	$ 131,545	$ 131,545	$ —	$ —
Money market funds	26,046	26,046	—	—
Restricted cash	300	300	—	—
Total Assets	$ 157,891	$ 157,891	$ —	$ —

3. Lease Exit Liability

On July 16, 2008, the Company acquired Raven Biotechnologies, Inc. (Raven), a private South San Francisco-based company focused on the development of monoclonal antibody therapeutics for treating cancer. Raven was considered a development-stage enterprise as defined in ASC 915, *Development Stage Entities.*

The Company undertook restructuring activities related to the acquisition of Raven. In connection with these restructuring activities, as part of the cost of acquisition, the Company established a restructuring liability attributed to an existing operating lease. The terms of the operating lease extend into 2018.

Changes in the lease exit liability are as follows (in thousands):

Accrual balance at December 31, 2014	$ 8,006
Principal payments	(396)
Accrual balance at March 31, 2015	$ 7,610

The purchase agreement provides for a specified total of certain contingent milestones that are based on the achievement of certain product sales derived from the acquired Raven technology. Also, a onetime payment of $5.0 million will be made to the Raven stockholders upon the initiation of patient dosing in the first Phase 2 clinical trial of any product derived from the Raven "Cancer Stem Cell Program." No payment shall be made if the Phase 2 trial start date has not occurred on or before July 15, 2018. Other consideration includes a percentage of revenue (excluding consideration for research and development and equity) received by MacroGenics for license of a product derived from the Raven "Cancer Stem Cell Program" and a onetime payment ranging from $8.0 million to $12.0 million dependent upon a specified level of sales of products derived from the Raven "Cancer Stem Cell Program."

Any contingent consideration would be accounted for as additional purchase price and recorded as incremental in-process research and development expense when and if it is deemed probable that the contingencies will be attained. No additional amounts have been recorded during the three months ended March 31, 2015 and 2014.

4. Collaboration and License Agreements

Janssen Biotech, Inc.

In December 2014, the Company entered into a collaboration and license agreement with Janssen Biotech, Inc. (Janssen) for the development and commercialization of MGD011, a product candidate that incorporates the Company's proprietary Dual Affinity Re-Targeting (DART) technology to simultaneously target CD19 and CD3 for the potential treatment of B-cell malignancies. The Company contemporaneously entered into a stock purchase agreement and investor agreement, each with Johnson & Johnson Innovation – JJDC, Inc. (JJDC). JJDC agreed to purchase 1,923,077 new shares of the Company's common stock at a price of $39.00 per share, representing proceeds of $75.0 million. The effectiveness of these agreements was subject to the early termination or expiration of any applicable waiting periods under Hart-Scott-Rodino Antitrust Improvements Act of 1976. The waiting period expired in January 2015, at which time the Company received a $50.0 million upfront payment from Janssen and JJDC purchased $75.0 million of the Company's common stock.

Under the collaboration and license agreement, the Company granted an exclusive license to Janssen to develop and commercialize MGD011. Following the Company's submission of the Investigational New Drug (IND) application, Janssen will be fully responsible for the development and commercialization of MGD011. Assuming successful development and commercialization, the Company could receive up to an additional $205.0 million in clinical milestone payments, $220.0 million in regulatory milestone payments and $150.0 million in commercialization milestone payments. The Company determined that each potential future clinical, development, and regulatory milestone is substantive. Although the sales milestones are not considered substantive, they will be recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. The Company may elect to fund a portion of late-stage clinical development in exchange for a profit share in the U.S. and Canada. If commercialized, the Company would be eligible to receive double-digit royalties on any global net sales and has the option to co-promote the molecule with Janssen in the U.S.

The Company evaluated the collaboration and license agreement with Janssen and determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company's substantive performance obligations under the collaboration and license agreement include the delivery of an exclusive license and research and development services during the pre-clinical research period (through the filing of the IND for MGD011). The Company evaluated the collaboration and license agreement with Janssen and determined that the license and pre-clinical research and development activities represented one unit of accounting, and thus the total arrangement consideration was allocated using the relative selling price method to the deliverables. After identifying the deliverables included within the arrangement, the Company determined its best estimate of selling price for each of the deliverables. The best estimate of selling price for the exclusive license was determined using a discounted cash flow model that includes level 3 fair value measurements. The best estimate of selling price for the research and development services was determined using third party evidence of other similar research and development arrangements, which are level 2 fair value measurements.

The Company evaluated the stock purchase agreement and the collaboration and license agreement as one arrangement and determined that the stock purchase price of $39.00 per share exceeded the fair value of the common stock by $12.3 million. This excess was recognized in the same manner as the upfront payment. Of the total arrangement consideration of $125.0 million, the Company allocated $62.7 million to equity (representing the fair value of

common stock purchased), $62.3 million to the license and pre-clinical research and development activities, and a de minimis amount to the ongoing research and development activities. The Company submitted the IND and therefore met its performance obligation during the three months ended March 31, 2015.

During the three months ended March 31, 2015, the Company recognized revenues of approximately $62.3 million under the agreement.

Takeda Pharmaceutical Company Limited

In May 2014, the Company entered into a license and option agreement with Takeda Pharmaceutical Company Limited (Takeda) for the development and commercialization of MGD010, a product candidate that incorporates the Company's proprietary DART technology to simultaneously engage CD32B and CD79B, which are two B-cell surface proteins. MGD010 is being developed for the treatment of autoimmune disorders. Upon execution of the agreement, Takeda made a non-refundable payment of $15.0 million to the Company. Takeda has an option to obtain an exclusive worldwide license for MGD010 following the completion of a pre-defined Phase 1a study. The Company will lead all product development activities until that time. If Takeda exercises its option, it will assume responsibility for future development and pay the Company a license fee of $15.0 million. Assuming successful development and commercialization of MGD010, the Company is eligible to receive up to an additional $93.0 million in clinical and regulatory milestone payments and $375.5 million in sales milestone payments. If commercialized, the Company would receive double-digit royalties on any global net sales and has the option to co-promote MGD010 with Takeda in the United States. Finally, the Company may elect to fund a portion of Phase 3 clinical development in exchange for a North American profit share.

The Company evaluated the license and option agreement with Takeda and determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company's substantive performance obligations under the license and option agreement include exclusivity, research and development services through the Phase 1a study and delivery of a future license for an initial research compound. The Company concluded that the MGD010 option is substantive and that the license fee payable upon exercise of the option is not a deliverable at the inception of the arrangement as there is considerable uncertainty that the option would be exercised. The Company has determined that each potential future development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. The Company determined that these performance obligations represent a single unit of accounting, because the exclusivity clause does not have stand-alone value to Takeda without the Company's technical expertise and development through the pre-defined Phase 1a study.

After identifying the deliverables included within the arrangement, the Company determined its best estimate of selling price. The Company allocated $10.0 million to the exclusivity clause to its technology and the research and development services and $5.0 million to the exclusive license for the initial research compound. The Company's determination of best estimate of selling price for the research and development services relied upon other similar transactions. The Company relied upon the income approach (e.g., future cash flows) to determine the value of the license of the to-be-delivered compound along with other similar license transactions with differing indications but similar stage of development. The portion of the up-front fee allocated to the MGD010 option is being recognized over an initial 24-month period, which represents the expected period of development through the completion of a pre-defined Phase 1a study. The portion of the up-front fee allocated to the license for the initial research compound was deferred until the research collaboration and license option agreement was executed and the license delivered.

The Company recognized revenue of approximately $4.3 million under the MGD010 agreement during the three months ended March 31, 2015, including a $3.0 million milestone payment due upon initiation of a Phase 1a trial of MGD010. At March 31, 2015, $5.8 million of revenue was deferred under this agreement, $5.0 million of which was current and $0.8 million of which was non-current. At December 31, 2014, $7.1 million of revenue was deferred under this agreement, $5.0 million of which was current and $2.1 million of which was non-current.

In September 2014, the Company and Takeda executed a research collaboration and license option agreement, which formalized the license for the initial research compound contemplated in the May 2014 arrangement. Under the terms of the agreement, Takeda may identify up to three additional compounds, which will be subject to separate research and development plans. The Company determined that it could recognize the entire license fee as (1) the executed contract constituted persuasive evidence of an arrangement, (2) the delivery of the license occurred and the Company had no current or future performance obligations, (3) the total consideration for the license was fixed and known at the time of its execution and there were not any extended payment terms or rights of return, and (4) the cash was received. The Company is also entitled to receive reimbursement for research and development services provided to Takeda with respect to the initial research compound under a separate research plan. During the three months ended March 31, 2015, the Company recognized $0.3 million in revenue related to the reimbursement of these research and development services.

Les Laboratoires Servier

In November 2011, the Company entered into a right-to-develop collaboration agreement with Les Laboratoires Servier and Institut de Recherches Servier (collectively, Servier) for the development and commercialization of MGA271 in all countries other than the United States, Canada, Mexico, Japan, South Korea and India.

Upon execution of the agreement, Servier made a non-refundable payment of $20.0 million to the Company. The Company is eligible to receive up to $30.0 million in license fees, $47.0 million in clinical milestone payments, $140.0 million in regulatory milestone payments and $208.0 million in sales milestone payments if Servier exercises the option, obtains regulatory approval for and successfully commercializes MGA271. The Company concluded that the license fees are not deliverables at the inception of the arrangement. The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. In the event Servier exercises its option to continue development of MGA271, Servier must pay a license fee. Under this agreement, Servier would be obligated to pay the Company from low double digit to mid-teen royalties on product sales in its territories.

The Company evaluated the research collaboration agreement with Servier and determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company concluded that the option is substantive and that the license fee for this option is not a deliverable at the inception of the arrangement as there is considerable uncertainty that the option would be exercised and the additional fee to be paid upon exercise of the option represents its estimated selling price (i.e., no substantial discount was given). The Company's substantive performance obligations under this research collaboration include an exclusivity clause to its technology, technical, scientific and intellectual property support to the research plan and participation on an executive committee and a research and development committee. The Company determined that these performance obligations represent a single unit of accounting, since the license does not have stand-alone value to Servier without the Company's technical expertise and committee participation. As such, the initial upfront payment was deferred and was being recognized ratably over the initial 27-month period, which represented the expected period of

development and the Company's participation on the research and development committee. During 2014, the Company determined that the development period will last longer than originally estimated, and prospectively adjusted its period of recognition of the upfront payment to a 42-month period.

During the three months ended March 31, 2015 and 2014, the Company recognized revenue of $0.1 million and $0.2 million, respectively, under this agreement. At March 31, 2015 and December 31, 2014, $36,000 and $0.1 million of revenue remained deferred under this agreement, respectively, all of which was current.

In September 2012, the Company entered into a second right-to-develop collaboration agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART-based molecules, consisting of those designated by the Company as MGD006 and MGD007, as well as a third DART molecule, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India.

Upon execution of the agreement, Servier made a non-refundable payment of $20.0 million to the Company. In addition, the Company will be eligible to receive up to $65.0 million in license fees, $98.0 million in clinical milestone payments, including $5.0 million upon IND acceptance for each of MGD006, MGD007 and a third DART molecule, $300.0 million in regulatory milestone payments and $630.0 million in sales milestone payments if Servier exercises all of the options and successfully develops, obtains regulatory approval for, and commercializes a product under each license. In addition to these milestones, the Company and Servier will share Phase 2 and Phase 3 development costs. The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. Under this agreement, Servier would be obligated to pay the Company low double digit to mid-teen royalties on net product sales in its territories.

The Company evaluated the research collaboration agreement with Servier and determined that it is a revenue arrangement with multiple deliverables, or performance obligations. The Company concluded that each option is substantive and that the license fees for each option are not deliverables at the inception of the arrangement and were not issued with a substantial discount. The Company's substantive performance obligations under this research collaboration include an exclusivity clause to its technology, technical, scientific and intellectual property support to the research plan during the first year of the agreement and participation on an executive committee and a research and development committee. The Company determined that the performance obligations with respect to the pre-clinical development represent a single unit of accounting, since the license does not have stand-alone value to Servier without the Company's technical expertise and committee participation. As such, the initial upfront license payment was deferred and initially recognized ratably over a 29-month period, which represented the expected development period. During 2014, the Company and Servier further refined the research plan related to the three DARTs and as such, the development period was extended. Based on this revised development period, the Company prospectively adjusted its period of recognition of the upfront payment to a 75-month period.

During the three months ended March 31, 2014, Servier exercised its exclusive option to develop and commercialize MGD006. As a result of the exercise, the Company received a $15.0 million payment from Servier for its license to develop and commercialize MGD006 in its territories. Upon exercise of the option, the Company evaluated its performance obligations with respect to the license for MGD006. The Company's substantive performance obligations under this research collaboration include an exclusive license to its technology, technical, scientific and intellectual property support to the research plan and participation on an executive committee and a research and development committee. The Company determined that the performance obligations with respect to the clinical development represent a single unit of accounting, since the license does not have stand-alone value to Servier without the Company's technical expertise and committee participation. As such, the $15.0 million license fee was deferred and is being recognized ratably over a period of 82 months, which represents the expected development period for MGD006. In accordance with the agreement, the Company and Servier will share costs incurred to develop MGD006. Reimbursement of research and development expenses received in connection with this collaborative cost-sharing agreement is recorded as a reduction to research and development expense. During the three months ended March 31, 2015, the Company recorded approximately $0.3 million as an offset to research and development costs under this collaboration arrangement, and has recorded a corresponding collaboration receivable, which is included in accounts receivable on the consolidated balance sheet. No such offset to research and development costs was recorded during the three months ended March 31, 2014.

The Company recognized revenue of $0.8 million and $7.4 million during the three months ended March 31, 2015 and 2014, respectively, under this agreement. Revenue during the three months ended March 31, 2014 includes the $5.0 million payment from Servier upon the achievement of a clinical milestone related to the IND application for MGD006 clearing the 30-day review period by the U.S. Food and Drug Administration (FDA). No milestones were recognized under this agreement during the three months ended March 31, 2015.

At March 31, 2015, $16.9 million of revenue was deferred under this agreement, $3.3 million of which was current and $13.6 million of which was non-current. At December 31, 2014, $17.7 million of revenue was deferred under this agreement, $3.3 million of which was current and $14.4 million of which was non-current.

Boehringer Ingelheim International GmbH

In October 2010 the Company entered into a collaboration and license agreement with Boehringer Ingelheim International GmbH (Boehringer) to discover, develop and commercialize up to ten DART-based molecules which span multiple therapeutic areas. Under the terms of the agreement, the Company granted Boehringer an exclusive, worldwide, royalty-bearing license under its intellectual property to research, develop, and market DARTs generated under the agreement throughout the world.

Upon execution of the agreement, the Company received an upfront payment of $15.0 million. The Company subsequently received three annual maintenance payments. These maintenance payments are being recognized over the estimated period of development. The Company has the potential to earn milestone payments of approximately $41.0 million related to pre-clinical and clinical development, $89.0 million related to regulatory milestones and $83.0 million related to sales milestones for each of the DART programs under this agreement in the case of full commercial success of multiple DART products. The Company has determined that each potential future clinical, development and regulatory milestone is substantive. Although sales milestones are not considered substantive, they are still recognized upon achievement of the milestone (assuming all other revenue recognition criteria have been met) because there are no undelivered elements that would preclude revenue recognition at that time. Boehringer also provides funding for the Company's internal and external research costs and is required to pay the Company mid-single digit royalties on product sales.

The Company determined that the deliverables under the Boehringer agreement include the license, the research and development services to be performed by the Company, and the co-promotion/manufacturing services. The Company concluded that the co-promotional activities were optional and were subject to further negotiation upon reaching regulatory approval. As such, the co-promotional period is not included in the expected obligation period to perform services.

The Company concluded that the undelivered element of research and development services had fair value. The Company concluded that the license does not have value on a standalone basis (e.g., absent the provision of the research and development services) and therefore does not represent a separate unit of accounting. The Company concluded that because the drug candidate has not yet been developed, the license is of no value to Boehringer without the ensuing research and development activities using the DART technology, which is proprietary to the Company. Likewise, Boehringer could not sell the license to another party (without the Company agreeing to provide the research and development activities for the other party). Therefore, the upfront license fee and research and development services were treated as a combined unit of accounting and recognized over the expected obligation period associated with the research and development services through September 2015, which represents the estimated period of development.

The Company and Boehringer have also agreed to establish a joint research committee to facilitate the governance and oversight of the parties' activities under the agreements. Management considered whether participation on the joint committee may be a deliverable and determined that it was not a deliverable. However, had management considered participation on the joint committee as a deliverable, it would not have had a material impact on the accounting for the arrangement as the period of participation in this committee matched the obligation period for the research and development services.

The Company recognized revenues of approximately $2.6 million and $3.1 million during the three months ended March 31, 2015 and 2014, respectively. At March 31, 2015, $4.0 million of revenue was deferred under this agreement, all of which was current. At December 31, 2014, $5.8 million of revenue was deferred under this agreement, all of which was current.

There have been no material modifications to this agreement since the adoption of ASU 2009-13, *Revenue Recognition – Multiple-Deliverable Revenue Arrangements,* on January 1, 2011.

Green Cross Corporation

In June 2010, the Company entered into a collaboration agreement with Green Cross Corp. (Green Cross) for the development of the Company's anti-HER2 antibody margetuximab. This arrangement grants Green Cross an exclusive license to conduct specified Phase 1 and Phase 2 clinical trials and commercialize margetuximab in South Korea. In March 2014, the Company and Green Cross entered into an amendment to the original agreement, causing the terms of the original agreement to be materially modified.

Upon execution of the amendment, the Company became eligible to receive reimbursement for costs incurred for Phase 2 and Phase 3 clinical trials up to $5.5 million as well as clinical development and commercial milestone payments of up to $2.5 million. The Company determined that each potential clinical development and commercial milestone is substantive. The Company is also entitled to receive royalties on net sales of margetuximab in South Korea. The Company and Green Cross have formed a joint steering committee to coordinate and oversee activities on which the companies collaborate under the agreement.

The Company evaluated the collaboration agreement with Green Cross and determined that it is a revenue arrangement with multiple deliverables or performance obligations. As a result of the material modification to the arrangement in March 2014, the Company reassessed the entire arrangement in accordance with the guidance provided by ASC 605-25, *Multiple Element Arrangements (Revenue Recognition)* as the original agreement was accounted for prior to adopting ASU 2009-13. The Company's substantive performance obligations under this agreement include an exclusive license to its technologies, research and development services, and participation in a joint steering committee. The Company concluded that the license and the reimbursement for research and development services do not have value on a standalone basis and therefore do not represent a separate unit of accounting.

The initial $1.0 million upfront payment received by the Company upon execution of the original agreement is non-refundable; as such, there is no right of return for the license. Therefore, the upfront license fee and participation on the joint steering committee were treated as a combined unit of accounting and will be recognized over the term of the agreement through June 2020. Further, due to the fact the research and development services are not deemed to have stand-alone value, revenue for those services should be recognized over the entire term of the agreement (through June 2020). As a result of reassessing the arrangement in accordance with ASC 605-25, the Company was required to record an adjustment on the date of the material modification to reflect the revenue that would have resulted had the entity applied the requirements of ASC 605-25 from the inception of the agreement. As a result, the Company recorded an additional $1.3 million of revenue during the three months ended March 31, 2014.

The Company recognized revenues of approximately $0.1 million and $1.4 million under this agreement during the three months ended March 31, 2015 and 2014, respectively. No milestones were achieved under this agreement during the three months ended March 31, 2015 and 2014.

At March 31, 2015 and December 31, 2014, there was $0.6 million and $0.5 million in unbilled receivables under this agreement, which is included in other assets on the consolidated balance sheet.

5. Stock-Based Compensation

The Company's 2000 Stock Option and Incentive Plan (2000 Plan) allowed for the grant of awards in respect of an aggregate of 150,297 shares of the Company's common stock in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock and restricted stock units and other performance awards. The 2000 Plan has expired, and no further awards may be issued under the plan. Any shares of common stock subject to awards under the 2000 Plan that expire, terminate, or are otherwise surrendered, canceled, forfeited or repurchased without having been fully exercised, or resulting in any common stock being issued, will become available for issuance under the 2013 Stock Incentive Plan (2013 Plan) up to a specified number of shares.

Effective February 2003, the Company implemented the 2003 Equity Incentive Plan (2003 Plan), and it was amended and approved by the Company's stockholders in 2005. The 2003 Plan allowed for the grant of awards in respect of an aggregate of 4,336,731 shares of the Company's common stock. Stock options granted under the 2003 Plan may be either incentive stock options as defined by the Internal Revenue Code (IRC), or non-qualified stock options. In October 2013, the 2003 Plan was terminated, and no further awards may be issued under the plan. Any shares of common stock subject to awards under the 2003 Plan that expire, terminate, or are otherwise surrendered, canceled, forfeited or repurchased without having been fully exercised, or resulting in any common stock being issued, will become available for issuance under the 2013 Plan, up to a specified number of shares.

In October 2013, the Company implemented the 2013 Plan. The 2013 Plan provides for the grant of stock options and other stock-based awards, as well as cash-based performance awards. The aggregate number of shares of common stock initially available for issuance pursuant to awards under the 2013 Plan was 1,960,168 shares. The number of shares of common stock reserved for issuance will automatically increase on January 1 of each year from

January 1, 2014 through and including January 1, 2023, by the lesser of (a) 1,960,168 shares, (b) 4.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or (c) the number of shares of common stock determined by the Board of Directors. All of the shares available for issuance under the 2013 Plan are eligible for issuance pursuant to the exercise of incentive stock options. If an option expires or terminates for any reason without having been fully exercised, if any shares of restricted stock are forfeited, or if any award terminates, expires or is settled without all or a portion of the shares of common stock covered by the award being issued, such shares are available for the grant of additional awards. However, any shares that are withheld (or delivered) to pay withholding taxes or to pay the exercise price of an option are not available for the grant of additional awards.

The following stock-based compensation amounts were recognized for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2015	2014
Research and development	$ 810	$ 317
General and administrative	821	295
Total stock-based compensation expense	$ 1,631	$ 612

Employee Stock Options

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

	Three Months Ended March 31,	
	2015	2014
Expected dividend yield	0%	0%
Expected volatility	74%	67 %
Risk-free interest rate	1.6% - 2.0%	2.1% - 2.3%
Expected term	6.25 years	6.25 years

The following table summarizes stock option activity under the Plan during the three months ended March 31, 2015:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2014	3,572,116	$ 11.40	7.3	
Granted	39,975	32.91		
Exercised	(105,820)	2.57		
Forfeited or expired	(16,618)	17.59		
Outstanding, March 31, 2015	3,489,653	11.88	7.2	$ 68,188
March 31, 2015:				
Exercisable	1,697,219	3.80	5.3	46,834
Vested and expected to vest	3,269,812	11.50	7.1	65,120

The weighted-average grant-date fair value of options granted for the three months ended March 31, 2015 was $19.05. The total intrinsic value of options exercised during the three months ended March 31, 2015 was approximately $3.3 million, and the total cash received for options exercised was approximately $0.3 million. The total fair value of shares vested in the three months ended March 31, 2015 was approximately $0.8 million. As of March 31, 2015, the total unrecognized compensation expense related to non-vested stock options, net of related forfeiture estimates, was approximately $18.5 million, which the Company expects to recognize over a weighted-average period of approximately four years.

6. Net Income (Loss) Per Share

Basic income (loss) per common share is determined by dividing income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted income (loss) per share is computed by dividing the income (loss) attributable to common stockholders by the weighted-average number of common stock equivalents outstanding for the period. The treasury stock method is used to determine the dilutive effect of the Company's stock option grants. 2,719,339 stock options (common stock equivalents) were excluded from the calculation of diluted loss per share allocable to common stockholders for the three months ended March 31, 2014 because their inclusion would have been anti-dilutive.

Basic and diluted income (loss) per common share is computed as follows (in thousands except share and per share data):

	Three Months Ended March 31,	
	2015	2014
Numerator:		
Net income (loss) used for calculation of basic and diluted EPS	$ 45,129	$ (3,108)
Denominator:		
Weighted average shares outstanding, basic	29,415,768	26,262,356
Effect of dilutive securities:		
Stock options and restricted stock units	2,268,406	-
Weighted average shares outstanding, diluted	31,684,174	26,262,356
Net income (loss) per share, basic	$ 1.53	$ (0.12)
Net income (loss) per share, diluted	$ 1.42	$ (0.12)

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

The following discussion of our financial condition and results of operations is based upon our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared by us in accordance with accounting principles generally accepted in the United States of America, (GAAP), for interim periods and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended. This discussion and analysis should be read in conjunction with these unaudited consolidated financial statements and the notes thereto as well as in conjunction with our audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014 and our subsequent Quarterly and Current Reports on Forms 10-Q and 8-K.

Overview

We are a biopharmaceutical company focused on discovering and developing innovative antibody-based therapeutics for the treatment of cancer, as well as various autoimmune disorders and infectious diseases. We currently have a pipeline of product candidates in human clinical testing, primarily against different types of cancers. These include two product candidates developed using our proprietary "Fc Optimization" platform, namely margetuximab, an antibody that we are developing for treatment of certain types of metastatic breast cancers and gastroesophageal cancers, and MGA271, an antibody that we believe has the potential for broad impact across a variety of different tumor types through multiple potential mechanisms of action. In addition, we created a number of product candidates based on our proprietary Dual-Affinity Re-Targeting, or DART®, platform and several of these are currently in, or advancing into, human clinical development. For example, we initiated human clinical studies with DART product candidates MGD006, in patients with acute myeloid leukemia that is refractory to other known treatments, and MGD007, in patients with colorectal cancer. We also recently entered into a collaboration with Janssen Biotech, Inc. (Janssen) with respect to MGD011, a DART being developed for treatment of various hematological malignancies, and anticipate that this molecule will start clinical trials in 2015. We specifically designed these three DART product candidates with the goal of harnessing the power of the immune system to destroy cancerous cells. In contrast, the flexibility of the DART platform has also allowed us to create MGD010, a clinical-stage DART molecule designed to moderate the hyperactivity of the immune system seen in various autoimmune disorders.

We develop new therapeutic product candidates ourselves using our antibody-based technology platforms and also in partnership with other biopharmaceutical companies, when such a partnership is advantageous for strategic or financial reasons. These collaborations have allowed us to expand and accelerate the breadth of product candidates that can be developed and also have generated a significant portion of the funding we have received to date.

Key ongoing programs include:

- *Margetuximab* is an antibody that targets HER2-expressing tumors, including certain types of breast and gastroesophageal cancers. HER2, or human epidermal growth factor receptor 2, is critical for the growth of many types of tumors. In 2015 we plan to commence a Phase 3 potential registration clinical trial with margetuximab in patients with metastatic breast cancer expressing HER2 who have failed therapy with other HER2 therapeutic agents. We also plan to commence an exploratory Phase 1/2 study combining margetuximab with another therapeutic agent in patients with gastroesophegeal cancer, and we are currently enrolling a Phase 2a clinical trial in patients with lower levels of expressed HER2.

- *MGA271* is an antibody that targets B7-H3, a member of the B7 family of molecules that are involved in immune regulation and that is over-expressed on a wide variety of solid tumor types. We have initiated additional dose expansion cohorts using MGA271 as monotherapy in other tumor types. In 2015, we initiated one clinical study combining MGA271 with ipilimumab and plan to initiate a second study combining MGA271 with another immuno-oncology agent.

- *MGD006* is a DART molecule that recognizes both CD123 and CD3. CD123, the Interleukin-3 receptor alpha chain, is expressed on leukemia and leukemic stem cells, but only at very low levels or not at all on normal hematopoietic stem cells. T cells, which express CD3, can destroy tumor cells. In pre-clinical studies, we have demonstrated the ability of MGD006 to recruit, activate, and expand T cell populations to eliminate leukemia cells. We are currently enrolling and dosing patients in the dose escalation portion of a Phase 1 clinical trial of MGD006.

- *MGD007* is a DART molecule that recognizes both the glycoprotein A33, or gpA33, and CD3. MGD007 has an Fc domain, which allows for extended pharmacokinetic properties and convenient intermittent dosing. gpA33 is expressed on gastrointestinal tumors, including more than 95% of human colon cancers. We have demonstrated that this molecule is able to mediate T cell killing of gpA33-expressing cancer cells and cancer stem-like cells in pre-clinical experiments. We are currently enrolling and dosing patients in the dose escalation portion of a Phase 1 clinical trial of MGD007.

- *MGD010* is a DART molecule designed to address limitations of existing B cell-targeted therapies by binding to the CD32B and CD79B proteins found on human B cells. In pre-clinical studies, this DART molecule modulates the function of human B cells without B cell depletion. In normal conditions, B cells utilize CD32B as one of the key checkpoints or negative regulators to ensure that tolerance to self is maintained and autoimmune disease does not occur. MGD010 is designed to further exploit this mechanism by triggering this inhibitory "immune checkpoint" loop. We believe this molecule preferentially blocks those B cells that are activated to produce the pathogenic antibodies that promote the autoimmune process. We initiated a Phase 1a clinical trial with MGD010 in normal healthy volunteers in the first quarter of 2015.

- *MGD011* is a DART molecule that targets both CD19 and CD3 and is being developed for the treatment of B-cell hematological malignancies. CD19, a lymphocyte-specific marker expressed from early B-lymphocyte development through mature memory B cells, is highly represented in B-cell malignancies. This makes it attractive for targeted interventions. MGD011 is designed to redirect T cells, via their CD3 component, to eliminate CD19-expressing cells found in many hematological malignancies. MGD011 has been engineered to address half-life challenges posed by other programs targeting CD19 and CD3. Under our recent collaboration and license agreement with Janssen, after we submit the Investigational New Drug (IND) application for MGD011, Janssen will develop the product candidate, subject to our options to co-promote the product in the United States and Canada and to invest in later-stage development in exchange for a profit-share. We anticipate that human clinical studies of MGD011 will begin in 2015.

- *MGD009* is a DART molecule that recognizes an undisclosed solid tumor antigen and CD3, and has an Fc domain, which allows for extended pharmacokinetic properties. We have demonstrated that this molecule is able to mediate T cell killing of cancer cells in pre-clinical experiments. We expect to submit an IND for MGD009 in 2015. We retain worldwide development and commercialization rights to this molecule.

We commenced active operations in 2000, and have since devoted substantially all of our resources to staffing our company, business planning, raising capital, developing our technology platforms, identifying potential product candidates, undertaking pre-clinical studies and conducting clinical trials. We have not generated any revenues from the sale of any products to date. We have financed our operations primarily through the private placements of convertible preferred stock, the public offerings of our common stock, collaborations, and government grants and contracts. Prior to our Initial Public Offering (IPO), we received approximately $151.3 million from the sale of convertible preferred stock and warrants. We raised $83.8 million net of expenses in October 2013 through the sale of common stock in connection with our IPO and exercise by the underwriters of their over-allotment option. We raised an

additional $76.7 million net of expenses through a follow-on public offering of our common stock and full exercise by the underwriters of their over-allotment option in February 2014. In addition, we have received significant capital from our collaborators in the form of equity investments, upfront fees, milestone payments, annual maintenance payments and license option fees as well as reimbursement payments through our collaborations and government grants and contracts. Although it is difficult to predict our funding requirements, based upon our current operating plan, we anticipate that our cash and cash equivalents as of March 31, 2015, combined with other collaboration payments we anticipate receiving, will enable us to fund our operations into 2018, assuming all of our collaboration programs advance as currently contemplated.

Through March 31, 2015, we had an accumulated deficit of $168.9 million. We expect that over the next several years we will increase our expenditures in research and development in connection with our ongoing activities with several clinical trials.

Strategic Collaborations and Licenses

We have entered into several strategic collaborations which provide us with significant additional funding in order to continue development of our pipeline and to extend our technology platforms and on-going programs. Our collaborations have allowed us to accelerate the progress of our on-going pre-clinical and clinical stage programs. Our most significant strategic collaborations include the following:

- *Janssen*. In December 2014, we entered into a collaboration and license agreement with Janssen for the development and commercialization of MGD011, a product candidate that incorporates our proprietary DART technology to simultaneously target CD19 and CD3 for the potential treatment of B-cell malignancies. We contemporaneously entered into a stock purchase agreement and investor agreement, each with Johnson & Johnson Innovation – JJDC, Inc. (JJDC), under which JJDC agreed to purchase 1,923,077 new shares of our common stock at a price of $39.00 per share, representing proceeds of $75.0 million. The effectiveness of these agreements was subject to the early termination or expiration of any applicable waiting periods under Hart-Scott-Rodino Antitrust Improvements Act of 1976, which occurred in January 2015. Upon closing, we received a $50.0 million upfront payment from Janssen as well as the $75.0 million investment in our common stock from JJDC. Janssen became fully responsible for developing MGD011 following submission of the IND, which was completed in March 2015. Assuming successful development and commercialization, we could receive up to an additional $575.0 million in clinical, regulatory and commercialization milestone payments. We may elect to fund a portion of late-stage clinical development in exchange for a profit share in the U.S. and Canada. If commercialized, we would be eligible to receive double-digit royalties on any global net sales and have the option to co-promote the molecule with Janssen in the U.S.

- *Takeda.* In May 2014, we entered into a license and option agreement with Takeda Pharmaceutical Company Limited (Takeda) for the development and commercialization of MGD010, a product candidate that incorporates our proprietary DART technology to simultaneously engage CD32B and CD79B, which are two B-cell surface proteins. Upon execution of the agreement, Takeda made a non-refundable payment of $15.0 million to us. Takeda has an option to obtain an exclusive worldwide license for MGD010 following the completion of a pre-defined Phase 1a study. We initiated clinical testing of MGD010 for the treatment of autoimmune disorders in March 2015, which resulted in a $3.0 million milestone payment from Takeda. If Takeda exercises its option, it will assume responsibility for future development and pay us a license option fee of $15.0 million. Assuming successful development and commercialization of MGD010, we are eligible to receive up to an additional $468.5 million in development, regulatory and sales milestone payments. If commercialized, we would receive double-digit royalties on any global net sales and have the option to co-promote MGD010 with Takeda in the United States. Finally, we may elect to fund a portion of Phase 3 clinical development in exchange for a North American profit share.

  In September 2014, we entered into a research collaboration and license option agreement with Takeda for an initial research compound and up to three additional compounds. Under the terms of this agreement, Takeda received an option to obtain an exclusive worldwide license for each of four product candidates and will fund all research and development activities related to the programs, including reimbursement of our expenses. Assuming successful development and commercialization by Takeda, we could receive up to approximately $400.0 million in program initiation, pre-clinical, clinical, regulatory and commercialization milestone payments for each of the four potential product candidates. If commercialized, we would receive double-digit royalties on any global net sales and have the option to co-promote each product candidate with Takeda in the United States. Finally, we may elect to fund a portion of Phase 3 clinical development of each product candidate in exchange for a North American profit share.

- *Servier.* In November 2011, we entered into a collaboration agreement with Les Laboratoires Servier and Institut de Recherches Servier (collectively, Servier) under which we granted Servier an option to obtain an exclusive license to develop and commercialize MGA271 in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. Through March 31, 2015, we have received a $20.0 million option grant fee and a $10.0 million milestone payment. We may be eligible to receive up to approximately $415.0 million in license fees and clinical, development, regulatory and sales milestone payments. In the event Servier exercises its option, Servier must pay a license fee, which we estimate to be $30.0 million, based on the number of different indications represented within the Phase 1 patient population.

  In September 2012, we entered into a second agreement with Servier and granted it options to obtain three separate exclusive licenses to develop and commercialize DART molecules, consisting of those designated by us as MGD006 and MGD007, as well as a third DART molecule, in all countries other than the United States, Canada, Mexico, Japan, South Korea and India. We received a $20.0 million upfront option fee. In addition, we became eligible to receive up to approximately $1.0 billion in additional license fees, and clinical, development, regulatory and sales milestone payments if Servier exercises all three of its options and successfully develops, obtains regulatory approval for, and commercializes a product under each license.

  In February 2014, Servier exercised its option to develop and commercialize MGD006, for which we received a $15.0 million license option fee. We also received two $5.0 million milestone payments from Servier in connection with the IND applications for MGD006 and MGD007 clearing their respective 30-day review periods by the U.S. Food and Drug Administration (FDA).

  Additionally, under both agreements, and assuming exercise of the applicable options, Servier may share Phase 2 and Phase 3 development costs and would be obligated to pay us low double digit to mid-teen royalties on product sales in its territories.

- *Boehringer*. In October 2010, we entered into an agreement with Boehringer Ingelheim International GmbH (Boehringer) to discover, develop and commercialize up to ten DART molecules which may span multiple therapeutic areas. We granted Boehringer an exclusive worldwide, royalty-bearing license and received an upfront payment of $15.0 million. During 2014, Boehringer nominated a lead candidate generated by our DART technology for pre-clinical development. This formal selection of a development candidate triggered a $2.0 million milestone payment to us under the agreement. We have the potential to earn development, regulatory and sales milestone payments that can reach up to approximately $210.0 million for each of the DART programs under this agreement. Boehringer provides funding for our internal and external research costs and is required to pay us mid-single digit royalties on product sales.

Critical Accounting Policies and Significant Judgments and Estimates

Our critical accounting policies are those policies which require the most significant judgments and estimates in the preparation of our consolidated financial statements. A summary of our critical accounting policies is presented in Part II, Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2014. There have been no material changes to our critical accounting policies during the three months ended March 31, 2015.

Results of Operations

Research and Development Revenue

The following represents a comparison of our research and development revenue for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,		Increase/(Decrease)	
	2015	2014		
	(dollars in millions)			
Revenue from collaborative research	$ 71.1	$ 14.4	$ 56.7	395%
Grant revenue	0.1	0.3	(0.2)	(70)%
Total revenue	$ 71.2	$ 14.7	$ 56.5	385%

The increase in collaboration revenue of $56.7 million for the three months ended March 31, 2015 compared to the same period in 2014 is primarily due to the $62.3 million in revenue recognized under the Janssen agreement and $4.3 million in revenue recognized under the Takeda agreement, including a $3.0 million milestone payment, in the first quarter of 2015. Neither of these agreements were in place during the first quarter of 2014. These increases are partially offset by decreases in revenue from Gilead as the related development period has ended and a decrease in revenue related to Servier because the first quarter of 2014 included a $5.0 million milestone.

Research and Development Expense

The following represents a comparison of our research and development expense for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,		Increase/(Decrease)	
	2015	2014		
	(dollars in millions)			
Margetuximab	$ 8.8	$ 4.4	$ 4.4	100%
MGA271	2.4	2.4	-	0%
MGD006	0.7	1.0	(0.3)	(30%)
MGD007	0.6	0.9	(0.3)	(33%)
MGD010	2.2	0.9	1.3	144%
MGD011	1.0	0.7	0.3	43%
Other pre-clinical and clinical programs, collectively	5.8	4.3	1.5	35%
Total research and development expense	$ 21.5	$ 14.6	$ 6.9	47%

During the three months ended March 31, 2015, our research and development expense increased by $6.9 million compared to the same period in 2014. This increase was due primarily to preparations for the margetuximab Phase 3 study, preparations for the MGD010 Phase 1 study and increased activity to prepare the IND for MGD009.

General and Administrative Expense

The following represents a comparison of our general and administrative expense for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,		Increase/(Decrease)	
	2015	2014		
	(dollars in millions)			
General and administrative expense	$ 4.7	$ 3.3	$ 1.4	42%

General and administrative expense increased for the three months ended March 31, 2015 by $1.4 million compared to the same period in 2014 primarily due to an increase in stock-based compensation expense, labor costs and information technology-related expenses.

Cash Flows

The following table represents a summary of our cash flows for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
	(dollars in millions)	
Net cash provided by (used in):		
Operating activities	$ 43.6	$ 5.9
Investing activities	(1.0)	(0.4)
Financing activities	62.9	76.8
Net increase in cash and cash equivalents	**$ 105.5**	**$ 82.2**

Operating Activities

Net cash provided by operating activities reflects, among other things, revenue generated from our collaboration arrangements offset by amounts used to fund our clinical trials and pre-clinical activities. The increase in net cash provided by operating activities during the three months ended March 31, 2015, compared to the same period in 2014, was primarily due to the $62.3 million of revenue recognized under the Janssen agreements partially offset by increased research and development expenses.

Investing Activities

Net cash used in investing activities was primarily due to the acquisition of additional lab equipment needed to further our research and development activities.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2015 includes approximately $62.7 million from JJDC's purchase of common stock plus cash from stock option exercises. Net cash provided by financing activities for the three months ended March 31, 2014 includes net proceeds from our follow-on equity offering of approximately $76.7 million plus cash from stock option exercises.

Liquidity and Capital Resources

We have financed our operations primarily through the private placements of convertible preferred stock, the public offerings of our common stock, upfront fees, milestone payments, annual maintenance payments and license option fees from collaborators and reimbursement through government grants and contracts. As of March 31, 2015, we had $263.1 million in cash and cash equivalents.

In addition to our existing cash and cash equivalents, we are eligible to continue to receive reimbursement from our collaborators for research and development services rendered, additional milestone and opt-in payments and grant revenue. However, our ability to receive these milestone payments is dependent upon our ability to successfully complete specified research and development activities and is therefore uncertain at this time.

Funding Requirements

We have not generated any revenue from product sales to date and do not expect to do so until such time as we obtain regulatory approval of and commercialize one or more of our product candidates. As we are currently in the clinical trial stage of development, it will be some time before we expect to achieve this and it is uncertain that we ever will. We expect that we will continue to increase our operating expenses in connection with ongoing as well as additional clinical trials and pre-clinical development of product candidates in our pipeline. We expect to continue our collaboration arrangements and will look for additional collaboration opportunities. We also expect to continue our efforts to pursue additional grants and contracts from the U.S. government in order to further our research and development. Although it is difficult to predict our funding requirements, based upon our current operating plan, we anticipate that our existing cash and cash equivalents as of March 31, 2015, combined with the collaboration payments we anticipate receiving, will enable us to fund or operations into 2018, assuming all of our programs advance as currently contemplated.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined under the rules and regulations of the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary objective when considering our investment activities is to preserve capital in order to fund our operations. Our primary exposure to market risk is related to changes in interest rates. Our current investment policy is to invest principally in deposits and securities issued by the U.S. government and its agencies, Government Sponsored Enterprise agency debt obligations, corporate debt obligations and money market instruments. As of March 31, 2015, we had cash and cash equivalents of $263.1 million, of which $26.0 million was invested in money market funds and the remainder was in our corporate operating account. We do not believe that our cash and cash equivalents have significant risk.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, including our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2015. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in this Quarterly Report on Form 10-Q has been appropriately recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosure. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control

No change in our internal control over financial reporting has occurred during the quarterly period ended March 31, 2015, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

For information regarding factors that could affect our results of operations, financial condition and liquidity, see the risk factors discussion provided under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, as updated from time to time in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. See also, "Forward-Looking Statements" included in this Quarterly Report on Form 10-Q.

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

Unregistered Sales of Equity Securities

On December 19, 2014, we entered into a stock purchase agreement with Johnson and Johnson Innovation – JJDC, Inc. Pursuant to this stock purchase agreement, on January 27, 2015, we settled our sale of an aggregate of 1,923,077 shares of common stock at a purchase price of $39.00 per share for a total of $75.0 million. This sale was exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended. We paid no underwriting discounts or commissions in connection with this sale and a copy of the stock purchase agreement is filed as Exhibit 10.26 to our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on March 3, 2015.

Use of Proceeds from Registered Securities

In October 2013, we issued and sold 5,750,000 shares of our common stock in our underwritten initial public offering, or IPO, including 750,000 shares of common stock sold pursuant to the underwriters' exercise of their option to purchase additional shares, at a purchase price of $16.00 per share, for aggregate gross proceeds of $92.0 million and aggregate proceeds of $83.8 million (net of expenses and deferred financing costs). All of the shares issued and sold in our IPO were registered under the Securities Act pursuant to a Registration Statement on Form S-1 (File No. 333-190994), which was declared effective by the SEC on October 9, 2013. As of March 31, 2015, we have used funds in excess of the net offering proceeds to fund research and development to advance our pipeline of preclinical and clinical product candidates and build our technology platforms and for working capital and general corporate purposes.

Item 6. Exhibits

10.1+	Employment Agreement between the Company and Atul Saran
10.2+	Form of Restricted Stock Units Grant Notice
31.1	Rule 13a-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

_____

+ Indicates management or compensatory plan.

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.

MACROGENICS, INC.

BY: /s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

BY: /s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 6, 2015

EXHIBIT INDEX

Exhibit	Page Number
10.1+	Employment Agreement between the Company and Atul Saran
10.2+	Form of Restricted Stock Units Grant Notice
31.1	Rule 13a-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

+ Indicates management or compensatory plan.

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 31st day of July, 2014, by and between MacroGenics, Inc., a Delaware corporation, including its successors and assigns, (the "Employer" or "Company"), and Atul Saran ("Executive").

NOW, THEREFORE, in consideration of the promises and the respective undertakings of Employer and Executive set forth below, Employer and Executive hereby agree as follows:

1. Employment. Employer hereby employs Executive, and Executive hereby accepts such employment and agrees to perform services for Employer, for the period and on the other terms and subject to the conditions set forth in this Agreement. Executive's Start Date shall be April 28, 2014 and shall be considered the Effective Date of this Agreement.

2. Employment at Will. Executive is employed "at-will" which means that Executive's employment is not for any defined term and may be terminated by either Executive or the Company at any time, with or without cause, for any or no reason, subject to the notice provisions herein.

3. Position and Duties.

3.01. Service with Employer. Employer hereby employs Executive in an executive capacity with the title of Senior Vice President and General Counsel, and Executive hereby accepts such employment and undertakes and agrees to serve in such capacity. Subject to the overall policy directives of the Board of Directors (the "Board") and applicable law, in Executive's capacity as Senior Vice President and General Counsel, Executive shall have such powers, perform such duties and fulfill such responsibilities as are typically associated with such position in other similarly situated companies.

3.02. Performance of Duties. Executive agrees to: (i) devote substantially all of Executive's business time, attention and efforts to the business and affairs of Employer while employed; and (ii) adhere to all Employer's written employment policies and procedures as shall be in force from time to time. Executive shall report directly to the President and CEO. Executive shall perform his duties primarily at the Company's headquarters in Rockville, Maryland, but is expected to travel as Company business necessitates.

3.03. Outside Activities. During the term of Executive's employment with the Company pursuant to this Agreement, Executive shall not: (i) except as set forth below, accept other employment; (ii) except as set forth below, render or perform services for compensation to any Person (as hereinafter defined) other than Employer; (iii) serve as an officer or on the board of directors (or similar governing body) of any entity other than Employer, whether or not for compensation; or (iv) engage in any other business, enterprise or activity that will require any effort on the part of Executive that, in the sole discretion of Employer, could reasonably be expected to materially detract from the ability of Executive to perform Executive's duties to Employer pursuant to this Agreement; provided, however, Executive may engage in the activities (x) set forth in Schedule A hereto so long as in doing so he is not in any way competing with the Company and such outside activities do not materially detract from Executive's performance of his duties hereunder or (y) described in clause (iii) or (iv) above if prior to engaging in such activity described in clause (iii) or (iv), Executive has disclosed such activity to the Board and received written approval to engage in such activity from the Board. Executive may engage in personal investments without disclosure to or written approval from the Board provided Executive is not required or expected to serve as a board member, advisor or consultant and Executive shall, at any time, own beneficially less than 2% of the outstanding securities of any issuer in the biotechology industry (less than 5% of the outstanding securities of any issuer in other industries) and such personal investment shall not otherwise interfere with Executive's performance of duties hereunder and/or the provisions of Executive's written agreements with Employer. Although Executive may be engaged in outside activities pursuant to this section, nothing herein is intended to limit or waive Executive's fiduciary duties.

3.04. Executive Representations. Employer acknowledges that Executive is subject to certain confidentiality and other restrictions by agreement with MedImmune, LLC and its affiliates and those restrictions have previously been disclosed to Employer. Executive represents that his employment with the Company will not violate his obligations to MedImmune, LLC and that he will take all such actions necessary to comply with such obligations. The Company will not direct Executive to breach his obligations to MedImmunce, LLC. Other than such restrictions, Executive represents that Executive is not subject to any restrictive covenant, confidentiality agreement, or any other agreement that would prevent Executive from accepting employment with Employer, and based on the information provided to Employer by Executive, Employer accepts such representation.

4. Compensation.

4.01. Base Salary. Employer shall pay to Executive an annual base salary for all services to be rendered by Executive under this Agreement of $350,000 (the "Base Salary"), which Base Salary shall be paid in accordance with Employer's normal payroll schedule, procedures and policies (which schedule, procedures and policies may be modified from time to time) and subject to applicable deductions as required by law. Employer shall review Executive's salary on an annual basis and may, in its discretion, consider and declare from time to time increases in the Base Salary that it pays Executive. Any and all increases in Executive's salary pursuant to this section shall cause the level of Base Salary to be increased by the amount of each such increase for purposes of this Agreement. The increased level of Base Salary as provided in this section shall become the level of Base Salary for the remainder of the term of this Agreement unless there is a further increase in Base Salary as provided herein.

4.02. Annual Bonus. Executive shall also be eligible to receive, in addition to the Base Salary, an annual bonus having a target amount equal to 35% of Executive's Base Salary ("Target Bonus"), with the actual amount being determined by the Compensation Committee of the Board in its discretion taking into account the Company's performance and Executive's individual performance. Executive's Target Bonus for calendar year 2014 will be pro-rated based on his Start Date. In order to receive a Target Bonus, Executive must be employed by Employer on the date the bonus is paid.

4.03. One-time Signing Bonus. Executive acknowledges receipt of a one-time payment of $50,000 (less withholding) as a signing bonus on the Start Date. If Executive resigns without Good Reason or is terminated with Cause prior to the one-year anniversary of the Start Date, Executive shall promptly reimburse Employer for the full amount of the signing bonus.

4.04. Stock Options and Restricted Stock Units.

(a) Executive acknowledges the grant of a stock option (the "Option") covering 90,000 shares of common stock under the Company's 2013 Equity Incentive Plan ("Plan") as of the Start Date. The Option is designated as an incentive stock option, subject to applicable limitations imposed under the Internal Revenue Code of 1986, as amended (the "Code"). The Exercise Price of the Option is equal to the Fair Market Value as of the Date of Grant. The Option will vest and become exercisable as follows:

(i) no part of the option may be exercised prior to the date six months after the Date of Grant or at any time after the Date of Expiration;

(ii) beginning on the date six months after the Date of Grant, the Option may be exercised as to

a maximum of 12.5% of the Covered Shares; and

(iii) beginning on each date three months thereafter, the Option may be exercised as to an additional 6.25% of the Covered Shares until the Option is exercisable as to all of the Covered Shares such that the Option is fully vested on the fourth anniversary of the Date of Grant.

The form of agreement for the Option is attached hereto as Exhibit A. Capitalized terms used in this Section 4.04 without definition have the meanings set forth in the Plan.

(b) Executive acknowledges the grant of 22,500 Restricted Stock Units (RSUs) under the Plan as of the Start Date. The RSUs shall vest in cumulative installments as follows:

(i) first, with respect to twelve and one-half percent (12.5%) of the RSUs, on the date six (6) months after the Date of Grant;

(ii) second, with respect to an additional twelve and one-half percent (12.5%) of the RSUs, on the date twelve (12) months after the Date of Grant;

(iii) thereafter, in equal increments of twenty-five percent (25%) of the RSUs on an annual basis beginning on the second anniversary of the Date of Grant such that the RSUs are fully vested on the fourth anniversary of the Date of Grant.

The form of agreement for the RSUs is attached hereto as Exhibit B and provides for the mandatory withholding of shares for the payment of withholding taxes arising from the RSUs.

4.05. Participation in Benefit Plans. Executive shall be entitled to participate in all employee benefit plans or programs offered to other senior executives from time to time (to the extent that Executive meets the requirements for each such plan or program), including participation in any health insurance plan, disability insurance plan, dental plan, eye care plan, 401(k) plan, life insurance plan, or other similar plans (all such benefits, the "Benefit Plans").

4.06. Expenses. Employer shall reimburse Executive for all ordinary and necessary business expenses reasonably incurred by him in the performance of Executive's duties under this Agreement, subject to the presentment and approval of appropriate itemized expense statements, receipts, vouchers or other supporting documentation in accordance with Employer's normal policies for expense verification in effect from time to time.

4.07. Vacation. Executive shall be entitled to twenty (20) vacation days per calendar year, accruing in accordance with the Company's vacation policy. Executive may carry over up to a maximum of 200 hours of annual leave (including sick pay) at any time, and any unused vacation time beyond that will be forfeited.

4.08. Total Compensation. Other than as may be approved by the Board, Executive shall not receive any other compensation or benefits from the Company other than as provided in Sections 4.01 through 4.07 hereof.

5. Payments Upon Termination.

5.01. Voluntary Resignation without Good Reason. Executive may terminate Executive's employment by providing Employer with 30 days' advance written notice. If Executive terminates Executive's employment (other than for good reason or by reason of Disability) (i) Employer shall pay to Executive the Accrued Obligations (as defined below), (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no other obligations to Executive under this Agreement, other than those provided in this Section 5.01.

(a) For purposes of this Agreement, "Accrued Obligations" means: (i) Executive's earned and unpaid Base Salary through the Termination Date; (ii) reimbursement for any reimbursable business expenses incurred by Executive through the Termination Date in accordance with Section 4.05; and (iii) Executive's accrued but unused vacation time as of the Termination Date. The amounts payable hereunder shall be paid no later than sixty (60) days following Executive's Termination Date.

(b) For purposes of this Agreement, "Termination Date" means: the effective date of Executive's "separation from service" as defined in Section 409A of the Code.

5.02. Termination by Employer For Cause. If Executive is terminated for Cause: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date, and (iii) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.02. For purposes of this Agreement, "Cause" means: (a) Executive's failure to substantially perform Executive's duties with the Company (if Executive has not cured such failure to substantially perform, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (a)); (b) Executive's willful misconduct, or gross negligence in the performance of Executive's duties hereunder; (c) the conviction of Executive, or the entering by Executive of a guilty plea or plea of no contest with respect to, any crime that constitutes a felony or involves fraud, dishonesty or moral turpitude; (d) Executive's commission of an act of fraud, embezzlement or misappropriation against the Company; (e) Executive's material breach of the fiduciary duty owed by Executive to Company; (f) Executive's engaging in any improper conduct that has or is likely to have an adverse economic or reputational impact on the Company; or (g) Executive's material breach of this Agreement (if Executive has not cured such breach, if curable, within thirty (30) days after Executive's receipt of written notice thereof from the Board that specifies the conduct constituting Cause under this clause (g)).

5.03. Termination by Employer Without Cause or by Executive for Good Reason. If Executive is terminated by Employer without Cause or by Executive for Good Reason: (i) Employer shall pay to Executive the Accrued Obligations, (ii) Executive shall be entitled to receive the Severance Benefits (as defined below in Section 5.05 and subject to the conditions described therein and in Section 5.06, (iii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15 of the fiscal year for which the bonus is payable) and (iv) Employer shall have no further obligations to Executive under

this Agreement, other than those provided in this Section 5.03. For purposes of this Agreement, "Good Reason" means the occurrence of any of the following events (without Executive's consent):

(i) a material adverse change in Executive's functions, duties, or responsibilities as Senior Vice President and General Counsel with the Company which change would cause Executive's position to become one of materially lesser responsibility, importance, or scope;

(ii) a material change in the geographic location at which Executive must perform services to the Company of 50 miles or more from the Company's headquarters in Rockville, Maryland (unless Executive is permitted to telecommute rather than work at the Company's new headquarters); or

(iii) a material breach of this Agreement by the Company.

Notwithstanding the foregoing, no such event shall constitute "Good Reason" unless (a) Executive shall have given written notice of such event to the Company within ninety (90) days after the initial occurrence thereof, (b) the Company shall have failed to cure the condition constituting Good Reason within thirty (30) days following the delivery of such notice (or such longer cure period as may be agreed upon by the parties), and (c) Executive terminates employment within thirty (30) days after expiration of such cure period.

5.04. Termination by Employer due to Executive's Disability. If Executive's employment is terminated by reason of Disability (as defined below): (i) Employer shall pay to Executive the Accrued Obligations, (ii) Employer shall pay to Executive any earned, but unpaid, bonus obligation relating to the prior fiscal year payable at the same time as bonuses are paid to the senior management team (but not later than March 15 of the fiscal year for which the bonus is payable), (iii) Executive's participation in the Benefit Plans shall terminate as of the Termination Date (except to the extent Executive is eligible for continued disability benefits under the applicable Employer plan), and (iv) Employer shall have no further obligations to Executive under this Agreement, other than those provided in this Section 5.04. For purposes of this Agreement, "Disability" means Executive being determined to be totally disabled by the Social Security Administration or Executive's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

5.05. Severance Benefits: "Severance Benefits" means:

(a) The payment to Executive of the Severance Amount in substantially equal installments over one year (with the first payment commencing on the first payroll date that occurs at least 28 days following the Termination Date), in accordance with Employer's normal payroll practices ("Severance Period"). Severance Amount means (i) one year of Executive's Base Salary and, except as set forth in the next sentence, (ii) the applicable percentage of the maximum Target Bonus (as defined in Section 4.02 of this Agreement). Notwithstanding the foregoing, Executive's entitlement to receive the Target Bonus pursuant to this Section 5.05(a) shall be phased-in with annual, cumulative 25% increments beginning on the first anniversary of the date of this Agreement. For the avoidance of doubt and by way of example and not of limitation, if Executive is terminated by Employer without Cause or by Executive for Good Reason prior to the first anniversary of this Agreement, Executive's Severance Amount shall not include any portion of the Target Bonus. Thereafter, on each of the first, second, third, and fourth anniversaries of the date of this Agreement, the Severance Amount shall be increased by 25%, 50%, 75% and 100%, respectively, of the Target Bonus. For the avoidance of doubt and by way of example and not of limitation, if Executive is terminated by Employer without Cause or by Executive for Good Reason after the first anniversary of this Agreement but prior to the second anniversary of this Agreement, Executive's Severance Amount would include 25% of the maximum Target Bonus (35% of Executive's Base Salary).

(b) The continuation of Executive's participation in the Company's medical, dental, and vision benefit plans at the same premium cost to Executive as charged to Executive immediately prior to the Termination Date for a period of twelve (12) months immediately following the Termination Date, or if earlier, until Executive obtains other employment which provides the same type of benefit; *provided*, *however*, that (a) it is understood and agreed that such continued medical, dental and vision benefits may at the election of the Company be provided by Executive electing the continuation of such coverage pursuant to COBRA with the Company reimbursing Executive for COBRA premiums to the extent required so that Executive's premium cost for the coverage in effect for Executive prior to the Termination Date is substantially the same as immediately prior to the Termination Date, and (b) if the Company determines, in its reasonable judgment, that providing medical, dental, and/or vision benefits in accordance with the preceding provisions of this Section 5.05(b) would result in a violation of applicable law, the imposition of any penalties under applicable law, or adverse tax consequences for participants covered by the Company's medical, dental, and/or vision plans, the Company may terminate such coverage (or reimbursement) with respect to Executive and instead pay to Executive taxable cash payments at the same time and in the same amounts as the Company would have paid as premiums (or as COBRA premium reimbursements) to provide such coverage.

(c) If the Termination Date occurs upon or within one year after the occurrence of a Change in Control, each stock option and RSU award granted by the Company to Executive that is outstanding as of the Termination Date and is not fully vested as of the date of the Termination Date shall, as of the date Executive provides the Company with the Irrevocable Release provided for in Section 5.06 (but only if the Irrevocable Release is provided within the 60 day period provided for by Section 5.06), become vested with respect to 50% (only) of the shares with respect to which the stock option or RSU award is not vested as of the Termination Date; provided, however that in no event shall any such option vest to the extent the option has expired prior to the date Executive provides the Company with the Irrevocable Release. For the avoidance of doubt, in the event that any of Executive's unvested stock options or unvested RSUs are to be terminated in connection with a Change of Control, Executive shall nonetheless be entitled to the accelerated vesting described in and subject to the conditions of this clause (c).

(i) For purposes of this Agreement, "Change of Control" means: "Change of Control" means, and shall be deemed to have occurred, if:

a. any Person, excluding (i) employee benefit plans of the Company or any of its Affiliates, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, which Rules shall apply for purposes of this clause (a) whether or not the Company is subject to the Exchange Act), directly or indirectly, of Company securities representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities ("Voting Power");

b. the Company consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Company (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined Voting Power immediately after such Fundamental Transaction of (i) the Company's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

c. the stockholders of the Company approve a plan of complete liquidation or winding-up of the Company or the consummation of the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Company's assets; or

d. during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period or whose appointment, election or nomination was previously so approved or recommended) cease for any reason to constitute at least a majority of the Board.

5.06 Required Delivery of Irrevocable Release; Compliance with Section 6 Obligations. Notwithstanding the provisions of Section 5.05, as a condition to entitlement to the Severance Benefits, Executive must provide to the Company an Irrevocable Release not later than the sixtieth day after the Date of Termination. In the event Executive fails to provide an Irrevocable Release to the Company within such sixty day period, the Company will immediately cease to pay or provide any further Severance Benefits, no accelerated vesting of stock options and RSUs pursuant to Section 5.05(c) shall occur, and Executive shall be obligated to immediately repay to the Company all previously paid or provided Severance Benefits. "Irrevocable Release" means a confidential separation agreement and release of claims, in form and substance substantially similar to the attached Exhibit C that has been executed by Executive, delivered to the Company, and become irrevocable by Executive. In addition, in the event that Executive breaches the obligations under Section 6 of this Agreement at any time during the Severance Period, Executive will cease to be entitled to any further Severance Benefits.

6. **Promises and Covenants Regarding Confidential Information and Goodwill; Inventions and Assignment; Restrictive Covenants.**

6.01. Confidential Information and Goodwill. In consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant not to disclose Confidential Information, Employer will provide Executive with Confidential Information. In further consideration of Executive's promises and covenants contained in this Agreement, including Executive's promise and covenant to utilize the Goodwill exclusively for the benefit of Employer, Employer will allow Executive to receive Confidential Information concerning the Company's customers, labs, vendors and employees and, to the extent required to fulfill Executive's duties, the Company will permit Executive to represent the Company on its behalf with such persons. To the extent that Executive's duties involve sales or customer relations, the Company will permit Executive to utilize the Goodwill in Executive's sales efforts and will provide sales support to Executive similar to that which it provides to its sales representatives.

6.02. Duties. While employed by Company, Executive shall perform the duties required of Executive hereunder and shall devote Executive's best efforts and, subject to the matters set forth on Schedule A, exclusive business time, energy and skill to performing such duties; not make any disparaging remarks regarding Company to any person with whom Company has business relations, including any employee or vendor of Company; use the Goodwill solely for the benefit of Company; and not interfere in such Goodwill, either during or following Executive's employment with Company.

6.03. Delivery of Company Property. Executive recognizes that all documents, magnetic media and other tangible items which contain Confidential Information are the property of Company exclusively. Upon request by Company or termination of Executive's employment with Company, Executive shall promptly return to Company all Confidential Information and Company Property within Executive's possession and control, and shall refrain from taking any Confidential Information or Company Property or allowing any Confidential Information or Company Property to be taken from Company; and immediately return to Company all information pertaining to Company or Company Property in Executive's possession.

6.04. Promise and Covenant Not to Disclose. The parties acknowledge that Company is the sole and exclusive owner of Confidential Information, and that Company has legitimate business interests in protecting Confidential Information. The parties further acknowledge that Company has invested, and continues to invest, considerable amounts of time and money in obtaining, developing, and preserving the confidentiality of Confidential Information and that, by reason of the trust relationship arising between Executive and Company, Executive owes Company a fiduciary duty to preserve and protect Confidential Information from all unauthorized disclosure and unauthorized use. Executive shall not, directly or indirectly, disclose Confidential Information to any third party (except to Executive's attorneys, the Company's personnel, other persons designated in writing by the Company, or except as otherwise provided by law) or use Confidential Information for any purpose other than for the direct benefit of Company while in Company's employ and thereafter.

6.05. Inventions and Assignment. Executive agrees that he will promptly disclose to the Company any and all Company Inventions and that Executive hereby irrevocably assigns to the Company all ownership rights in and to any and all Company Inventions. During Executive's employment or at any time thereafter, upon request of the Company, Executive will sign, execute and deliver any and all documents or instruments, including, without limitation, patent applications, declarations, invention assignments and copyright assignments, and will take any other action which the Company shall deem necessary to perfect in the Company trademark, copyright or patent rights with respect to Company Inventions, or to otherwise protect the Company's trade secrets and proprietary interests. The term "*Inventions*" means discoveries; developments; trade secrets; processes; formulas; data; lists; software programs; graphics; artwork; logos, and all other works of authorship, ideas, concepts, know-how, designs, and techniques, whether or not any of the foregoing is or are patentable, copyrightable, or registrable under any intellectual property laws or industrial property laws in the United States. The term "*Company Inventions*" means all Inventions that (a) relate to the business or proposed business of the Company or any of its predecessors or that are discovered, developed, created, conceived, reduced to practice, made, learned or written by Executive, either alone or jointly with others, in the course of Executive's employment; (b) utilize, incorporate or otherwise relate to Confidential Information; or (c) are discovered, developed, created, conceived, reduced to practice, made, or written by him using property or equipment of the Company or any of its predecessors. Executive agrees to promptly and fully communicate in writing to the Company (to such department or officer of the Company and in accordance with such procedures as the Company may direct from time to time) any and all

Company Inventions. Executive acknowledges and agrees that any work of authorship by Executive or others comprising Company Inventions shall be deemed to be a "work made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. § 101 (2000)). To the extent that any such work of authorship may not be deemed to be a work made for hire, Executive hereby irrevocably assigns any ownership rights Executive may have in and to such work to the Company. This Agreement does not apply to any Inventions Executive made before Executive's employment with the Company. To clearly establish Executive's rights, Executive has listed on Exhibit D any Inventions, whether or not patentable or copyrightable and whether or not reduced to practice, made by him prior to Executive's employment with the Company that are owned by Executive ("*Prior Inventions*"), together with the approximate dates of their creation. If no such list is attached, Executive represents that there are no Prior Inventions.

6.06. Other Promises and Covenants.

(a) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the "Non-Competition Period"), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities (except on behalf of Company):

(i) (whether as principal, agent, partner or otherwise) engage in, own, manage, operate, control, finance, invest in, participate in, or otherwise carry on, or be employed by, associated with, or in any manner connected with, lend such Executive's name to, lend Executive's credit to, or render services or advice to a Competing Business anywhere in the Geographic Area;

(ii) provide or develop any products, technology or services that are the same or Substantially Similar to the products, technology and services provided or developed by the Company or any of its Affiliates;

(iii) induce or attempt to induce any customer, agent, supplier, licensee, or business relation of the Company or any of its Affiliates to cease doing business with the Company or any of its Affiliates, or in any way interfere with the relationship between any customer, supplier, licensee, or business relation of the Company or any of its Affiliates; or

(iv) on behalf of a Competing Business, solicit or attempt to solicit the business or patronage of any Person who is a customer or agent of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person.

(b) During Executive's employment with Company and for a period of 12 months following termination of employment for any reason (the "Non-Solicitation Period"), Executive shall not either directly or indirectly, on Executive's own or another's behalf, engage in or assist others in any of the following activities:

(i) solicit, encourage, or take any other action which is intended to induce any employee, independent contractor or agent of the Company or any of its Affiliates to terminate Executive's employment or other business relationship with the Company or such Affiliate;

(ii) in any way interfere in any manner with the employment or other business relationship between the Company and/or any of its Affiliates, on the one hand, and any employee, independent contractor or agent of the Company or such Affiliate, on the other hand; or

(iii) employ, or otherwise engage as an employee, independent contractor or otherwise, any individual who was an employee or was otherwise affiliated with the Company or any of its Affiliates from the period beginning one year prior to Executive's last day of employment and continuing through the expiration of the Non-Solicitation Period.

provided, *however*, that nothing set forth in this Section 6 shall prohibit Executive from owning, as a passive investment, not in excess of five percent (5%) in the aggregate of any class of capital stock of any corporation if such stock is publicly traded and listed on any national or regional stock exchange or reported on the Nasdaq Stock Market.

6.07. Definitions. For purposes hereof:

(a) *"Affiliate"* means, with respect to any Entity, any Entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or under common control with, such Entity.

(b) *"Agreement"* means this Employment Agreement.

(c) *"Company Business"* means the research, development, testing and/or marketing/sales of pharmaceutical products or processes that are, rely on, target or rely upon (a) CD3 (when targeted individually), (b) HER2, (c) B7-H3, (d) CD123, (e) gpA33, (f) CD32b and CD79b (when jointly targeted), (g) any other undisclosed target (pre-clinical or clinical) either being actively developed by Employer or the subject of a collaboration between Employer and a third party, or (h) any effort to develop diabodies similar to the Company's "DART" technology including DART conjugates.

(d) *"Company Property"* means all physical materials, documents, information, keys, computer

software and hardware, including laptop computers and mobile or handheld scheduling computers, manuals, data bases, product samples, tapes, magnetic media, technical notes and any other equipment or items which Company provides for or to Executive or which otherwise belongs to the Company, and those documents and items which Executive may develop or help develop while in Company's employ, whether or not developed during regular working hours or on Company's premises. The term *"Company Property"* shall include the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials.

(e) *"Competing Business"* means any other Entity engaged in the Company Business, other than the Company and its Affiliates.

(f) *"Confidential Information"* means the trade secrets and other information of Company, including but not limited to (i) the customer lists, customer contact information, customer purchase information, pricing information, strategic and marketing plans, compilations of customer information, names of employees, contracts with third parties, training, financial and marketing books, sales projections, internal employer databases, reports, manuals and information including information related to Company, its Affiliates or its customers, including those documents and items which any employee may develop or help develop while in the employ of the Company or any of its Affiliates, whether or not developed during regular working hours or on the premises of the Company or such Affiliate; (ii) the identity, skills, personnel file information, performance appraisals and compensation of job applicants, employees, contractors, and consultants; (iii) specialized training; (iv) source code, scripts, user screens, reports or any other information pertaining to the internal information technology or network of the Company and/or its Affiliates, including the proprietary database system commonly referred to as the Office System; and (v) information related to inventions owned by the Company or any of its Affiliates or licensed from third parties; and unless the context requires otherwise, the term "*Confidential Information*" includes the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials. The term "*Confidential Information*" does not include (1) information that was or becomes generally available publicly other than through disclosure by Executive, or (2) is required to be disclosed to any governmental agency or self-regulatory body or is otherwise required to be disclosed by law. Unless the context requires otherwise, the term *"Confidential Information"* shall include the original of such materials, any copies thereof, any notes derived from such materials, and any derivative work of such materials.

(g) *"Entity*" means and includes any person, partnership, association, corporation, limited liability company, trust, unincorporated organization or any other business entity or enterprise.

(h) *"Geographic Area"* mean those states in which the Company or any of its subsidiaries conducts business or in which its products are being sold or marketed at the time of the termination of Executive's employment.

(i) *"Goodwill"* means the value of the relationships between the Company and its agents, customers, vendors, labs, and employees.

(j) *"Substantially Similar"* means substantially similar in function or capability or otherwise competitive to the products or services being developed, manufactured or sold by the Company during and/or at the end of Executive's employment, or are marketed to substantially the same type of user or customer as that to which the products and services of the Company are marketed or proposed to be marketed.

6.08. Acknowledgements Regarding Other Promises and Covenants. With regard to the promises and covenants set forth herein, Executive acknowledges and agrees that:

(a) the restrictions are ancillary to an otherwise enforceable agreement including the provisions of this Agreement regarding the disclosure, ownership and use of the Confidential Information and Goodwill of Company;

(b) the limitations as to time, geographical area, and scope of activity to be restricted are reasonable and acceptable to Executive, and do not impose any greater restraint than is reasonably necessary to protect the Goodwill and other legitimate business interests of Company;

(c) the performance by Executive, and the enforcement by Company, of such promises and covenants will cause no undue hardship on Executive;

(d) Executive will play a key business role for the Company in which he will have access to the Company's Confidential Information and Goodwill;

(e) the time periods covered by the promises and covenants will not include any period(s) of violation of, or any period(s) of time required for litigation brought by Company to enforce any such promise or covenant, it being understood that the extension of time provided in this paragraph may not exceed two (2) years.

6.09. Duty to Give Notice of Agreement. During employment by Company and the period of any post-employment obligation applicable hereunder, Executive shall provide written notice to any prospective employer of Executive's obligations under this Agreement and shall provide to

it a true copy of Section 6 of this Agreement before accepting employment with such prospective employer.

6.10. Independent Elements. The parties acknowledge that the promises and covenants contained in Section 6 above are essential independent elements of this Agreement and that, but for Executive agreeing to comply with them, Company would not employ Executive. Accordingly, the existence or assertion of any claim by Executive against Company, whether based on this Agreement or otherwise, shall not operate as a defense to Company's enforcement of the promises and covenants in Section 6. An alleged or actual breach of the Agreement by Company will not be a defense to enforcement of any such promise or covenant, or other obligations of Executive to Company. The promises and covenants in Section 6 will remain in full force and effect whether Executive is terminated by Company or voluntarily resigns.

6.11. Remedies for Breach of Agreement. Executive acknowledges that Executive's breach of any promise or covenant contained in Section 6 will result in irreparable injury to Company and that Company's remedies at law for such a breach will be inadequate. Accordingly, Executive agrees and consents that Company, in addition to all other remedies available at law and in equity, shall be entitled to both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach by Executive of any such promise or covenant, and Executive waives the requirement of the posting of any bond in connection with such injunctive relief. Executive further acknowledges and agrees that the promises and covenants contained in Section 6 are enforceable, reasonable, and valid.

6.12 Directors and Officers Insurance. The Company shall cause Executive to be covered under a director and officers' liability insurance policy that provides insurance coverage for Executive on substantially the same terms and conditions as the other senior executives of the Company.

7. Miscellaneous.

7.01. Governing Law; Arbitration

(a) This Agreement is made under and shall be governed by and construed in accordance with the laws of Maryland, without regard to its conflicts of law principles.

(b) With respect to claims by the Company against Executive related to Executive's threatened or actual breach of Section 6 of this Agreement, each Party hereby irrevocably agrees that all actions or proceedings concerning such disputes may be brought by the Company in (a) the United States District Court for the District of Maryland; or (b) in any court of the State of Maryland sitting in Montgomery County, provided that the United States District Court lacks subject matter jurisdiction over such action or proceeding. Executive consents to jurisdiction of and venue in the courts in the State of Maryland set forth in this Section, and hereby waives to the maximum extent permitted by applicable law any objection which Executive may have based on improper venue or *forum non conveniens*.

(c) Except to the extent provided for in subsection (b) above, the Company and Executive agree that any claim, dispute or controversy arising under or in connection with this Agreement, or otherwise in connection with Executive's employment by the Company or termination of his employment (including, without limitation, any such claim, dispute or controversy arising under any federal, state or local statute, regulation or ordinance or any of the Company's employee benefit plans, policies or programs) shall be resolved solely and exclusively by binding, confidential, arbitration. The arbitration shall be held in Rockville, MD (or at such other location as shall be mutually agreed by the parties). The arbitration shall be conducted in accordance with the Commercial Rules of the American Arbitration Association (the "AAA") in effect at the time of the arbitration, including the Expedited Procedures. All fees and expenses of the arbitration, including a transcript if either requests, shall be borne equally by the parties. Each party is responsible for the fees and expenses of its own attorneys, experts, witnesses, and preparation and presentation of proofs and post-hearing briefs (unless the party prevails on a claim for which attorney's fees are recoverable under law). In rendering a decision, the arbitrator shall apply all legal principles and standards that would govern if the dispute were being heard in court. This includes the availability of all remedies that the parties could obtain in court. In addition, all statutes of limitation and defenses that would be applicable in court, will apply to the arbitration proceeding. The decision of the arbitrator shall be set forth in writing, and be binding and conclusive on all parties. Any action to enforce or vacate the arbitrator's award shall be governed by the Federal Arbitration Act, if applicable, and otherwise by applicable state law. If either the Company or Executive improperly pursues any claim, dispute or controversy against the other in a proceeding other than the arbitration provided for herein, the responding party shall be entitled to dismissal or injunctive relief regarding such action and recovery of all costs, losses and attorney's fees related to such action.

7.02. Entire Agreement. This Agreement and the documents referenced herein contain the entire agreement of the parties relating to the employment of Executive by Employer and the ancillary matters discussed herein and supersedes all prior agreements, negotiations and understandings with respect to such matters, including, without limitation, any term sheet between the parties hereto with respect to such matters, and the parties hereto have made no agreements, representations or warranties relating to such employment or ancillary matters which are not set forth herein.

7.03. Withholding Taxes. Employer may withhold from any compensation and Benefits payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

7.04. Golden Parachute Limit. Notwithstanding any other provision of this Agreement, in the event that any portion of the Severance Benefits or any other payment or benefit received or to be received by Executive (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (collectively, the "Total Benefits") would be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), the Total Benefits shall be reduced to the extent necessary so that no portion of the Total Benefits is subject to the Excise Tax; provided, however, that no such reduction in the Total Benefits shall be made if by not making such reduction, Executive's Retained Amount (as hereinafter defined) would be more than ten percent (10%) greater than Executive's Retained Amount if the Total Benefits are so reduced. All determinations required to be made under this Section 7.04 shall be made by tax counsel selected by the Company and reasonably acceptable to Executive ("Tax Counsel"), which determinations shall be conclusive and binding on Executive and the Company absent manifest error. All fees and expenses of Tax Counsel shall be borne solely by the Company. Prior to any reduction in Executive's Total Benefits pursuant to this Section 7.04, Tax Counsel shall provide Executive and the Company with a report setting forth its calculations and containing related supporting information. In the event any such reduction is required, the Total Benefits shall be reduced in the following order: (i) the Severance Amount (in reverse order of payment), (iii) any other portion of the Total Benefits that are not subject to Section 409A of the Code (other than Total Benefits resulting from any accelerated vesting of equity awards), (iv) other Total Benefits that are subject to Section 409A of the Code in reverse order of payment, and (v) Total Benefits that are not subject to Section 409A and arise from any accelerated vesting of any equity awards. "Retained Amount" shall mean the present value (as determined in accordance with sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of the Total Benefits net of all federal, state and local taxes imposed on Executive with respect thereto.

7.05. Compliance With Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code (including the exceptions thereto), to the extent applicable, and shall be interpreted accordingly. If any provision contained in this Agreement conflicts with

the requirements of Section 409A of the Code (or the exemptions intended to apply under this Agreement), this Agreement shall be deemed to be reformed to comply with the requirements of Section 409A of the Code (or applicable exemptions thereto). Notwithstanding anything to the contrary herein, for purposes of determining Executive's entitlement to the Severance Benefits under Section 5 hereof, (a) Executive's employment shall not be deemed to have terminated unless and until Executive incurs a "separation from service" as defined in Section 409A of the Code, and (b) the effective date of any termination or resignation of employment (or any similar term) shall be the effective date of Executive's separation from service. Reimbursement of any expenses provided for in this Agreement shall be made in accordance with the Company's policies (as applicable) with respect thereto as in effect from time to time (but in no event later than the end of calendar year following the year such expenses were incurred) and in no event shall (i) the amount of expenses eligible for reimbursement hereunder during a taxable year affect the expenses eligible for reimbursement in any other taxable year or (ii) the right to reimbursement be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary herein, if a payment or benefit under this Agreement is due to a "separation from service" for purposes of the rules under Treas. Reg. § 1.409A-3(i)(2) (payments to specified employees upon a separation from service) and Executive is determined to be a "specified employee" (as determined under Treas. Reg. § 1.409A-1(i)), such payment shall, to the extent necessary to comply with the requirements of Section 409A of the Code, be made on the later of (x) the date specified by the foregoing provisions of this Agreement or (y) the date that is six (6) months after the date of Executive's separation from service (or, if earlier, the date of Executive's death). Any installment payments that are delayed pursuant to the provisions of this section shall be accumulated and paid in a lump sum on the first day of the seventh month following Executive's separation from service (or, if earlier, upon Executive's death) and the remaining installment payments shall begin on such date in accordance with the schedule provided in this Agreement. To the extent permitted by Section 409A, each payment hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

7.06. Amendments. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by both Executive and Employer.

7.07. Severability; Reformation. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable Law but if any provision of this Agreement is held to be invalid, illegal or unenforceable under any applicable Law or rule, the validity, legality and enforceability of the other provisions of this Agreement will not be affected or impaired thereby. If any provision of this Agreement is found invalid, illegal or unenforceable because it is too broad in scope, too lengthy in duration or violates any Law or regulation, it shall be reformed by limiting its scope, limiting its duration or construing it to avoid such violation (as the case may be) while giving the greatest effect to the intent of the parties as is legally permissible.

7.08. No Waiver. No waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the party against whom such waiver is sought to be enforced, and any such waiver shall be effective only in the specific instance and for the specific purpose for which given.

7.09. Assignment; No Third Party Beneficiary. This Agreement is a personal service contract, and shall not be assignable by Executive. This Agreement shall be assignable by Employer to any successor to the business of Employer, without the written consent of Executive; provided, however, that the assignee or transferee is the successor to all or substantially all of the business assets of Employer and such assignee or transferee expressly assumes all the obligations, duties, and liabilities of Employer set forth in this Agreement. Any purported assignment of this Agreement in violation of this Section 7.09 shall be null and void. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and no other Person shall have any right, benefit or obligation hereunder.

7.10. Counterparts; Facsimile Signatures. This Agreement may be executed in separate counterparts, each of which will be an original and all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by signing any such counterpart. A facsimile signature by any party on a counterpart of this Agreement shall be binding and effective for all purposes. Such party shall subsequently deliver to the other party an original, executed copy of this Agreement; provided, however, that a failure of such party to deliver an original, executed copy shall not invalidate Executive's or its signature.

7.11. Notices. All notices and other communications relating to this Agreement will be in writing and will be deemed to have been given when personally delivered, three (3) days following mailing by certified or registered mail, return receipt requested, and one (1) Business Day following delivery to a reliable overnight courier or immediately following transmission by electronic facsimile. All notices to Employer shall be addressed and delivered to:

MacroGenics, Inc.
9640 Medical Center Drive
Rockville, MD 20850

With a copy to:

Matthew D. Keiser
Arnold & Porter, LLP
555 Twelfth Street, NW
Washington, DC 2004
(telephone) 202-942-6398
(fax) 202-942-5999

or to such other address and facsimile number as designated by Employer in a written notice to Executive. All notices to Executive shall be addressed and delivered to:

Atul Saran
xxxxxxxxxxxx
xxxxxxxxxxxxxxx
(telephone) xxx-xxx-xxxx

With a copy to:

Josh Klatzkin
Goodwin Procter LLP
901 New York Avenue, NW
Washington, DC 20001
(telephone) 202-346-4129
(fax) 202-346-4444

or to such other address and facsimile number as Executive has designated in a written notice to Employer.

7.12. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

7.13. Cumulative Remedies. The rights and remedies of the parties hereunder are cumulative and not exclusive of any rights or remedies any party hereto may otherwise have.

7.14. Expenses Relating to this Agreement. Each party shall pay its or Executive's own expenses incident to the negotiation, preparation and execution of this Agreement.

IN WITNESS WHEREOF, Executive and Employer have executed this Employment Agreement as of the date set forth in the first paragraph.

"EMPLOYER"

MacroGenics, Inc.

By: /s/ Edward Hurwitz
Name:Edward Hurwitz
Title:Chairman of the Compensation Committee

Date:July 31, 2014

"EXECUTIVE"

/s/ Atul Saran
Atul Saran

Date:July 31, 2014

SCHEDULE A

OUTSIDE ACTIVITIES

1.Member of Board of Directors of VentiRx Pharmaceuticals, Inc. Executive expects to continue in the role indefinitely, provided that Executive will provide the Board at its request, with an annual update (to the extent his fiduciary duty owed to VentiRx allows) as to what he is doing for VentiRx and Board will determine whether Executive is permitted to continue to serve on the Board of Directors of VentiRx. Any such determination shall be delivered to Executive in writing.

2.Sole Member of Alira Pharmaceuticals, LLC (currently non-operational entity)

EXHIBIT A

FORM OF OPTION AGREEMENT

EXHIBIT B

FORM OF RESTRICTED STOCK UNIT AGREEMENT

EXHIBIT C

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

Pursuant to the Employment Agreement by and between _____ ("Executive") and MacroGenics, Inc. (the "Company"), in order for Executive to receive the Severance Amount therein, Executive is required to enter into this Separation Agreement and General Release (this "Release").

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained, of other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged by the Parties, it is agreed as follows:

1. As of the Termination Date, and at all times forward, Executive will not hold himself out to any person or entity as being an employee, officer, representative, or agent of the Company.

2. In exchange for the considerations provided for in this Agreement including the receipt of the Severance Amount, Executive hereby completely, irrevocably, and unconditionally releases and forever discharges the Company, and any of its affiliated companies, and each and all of their officers, agents, directors, supervisors, employees, representatives, and their successors and assigns, and all persons acting by, through, under, for, or in concert with them, or any of them, in any and all of their capacities (hereinafter individually or collectively, the "Released Parties"), from any and all charges, complaints, claims, and liabilities of any kind or nature whatsoever, known or unknown, suspected or unsuspected (hereinafter referred to as "claim" or "claims") which Executive at any time heretofore had or claimed to have or which Executive may have or claim to have regarding events that have occurred as of the Effective Date of this Agreement, including, without limitation, those based on: any employee welfare benefit or pension plan governed by the Employee Retirement Income Security Act as amended (hereinafter "ERISA") (provided that this release does not extend to any vested retirement benefits of Executive under Company's 401(k) Safe Harbor Plan); the Civil Rights Act of 1964, as amended (race, color, religion, sex and national origin discrimination and harassment); the Civil Rights Act of 1966 (42 U.S.C. § 1981) (discrimination); the Age Discrimination in Employment Act of 1967 (hereinafter "ADEA"), as amended; the Older Workers Benefit Protection Act, as amended; the Americans With Disabilities Act (hereinafter "ADA"), as amended; § 503 of the Rehabilitation Act of 1973; the Fair Labor Standards Act, as amended (wage and hour matters); the Family and Medical Leave Act, as amended, (family leave matters), Article 49B of the Maryland Code (discrimination), any other federal, state, or local laws or regulations regarding employment discrimination or harassment, wages, insurance, leave, privacy or any other matter; any negligent or intentional tort; any contract, policy or practice (implied, oral, or written); or any other theory of recovery under federal, state, or local law, and whether for compensatory or punitive damages, or other equitable relief, including, but not limited to, any and all claims which Executive may now have or may have had, arising from or in any way whatsoever connected with Executive's employment or contacts, with Company or any other of the Released Parties.

Executive acknowledges, understands and agrees that Executive has been paid in full for all hours that Executive has worked for the Company and that Executive has been paid any and all compensation or bonuses which have been earned by Executive through the date of execution of this Agreement other than payments required by Section 5 of the Employment Agreement. Executive acknowledges, understands and agrees that Executive has not been denied any leave requested under the FMLA or applicable state leave laws and that, to the extent applicable, Executive has been returned to Executive's job, or an equivalent position, following any FMLA or state leave taken pursuant to the FMLA or state laws. Executive acknowledges, understands and agrees that Executive has reported to the Employer's management personnel any work related injury or illness that occurred up to and including Executive's last day of employment. Executive acknowledges, understands, and agrees that Executive has no knowledge of any actions or inactions by any of the Released Parties or by Executive not previously disclosed to the Company that Executive believes could possibly constitute a basis for a claimed violation of any federal, state, or local law, any common law or any rule promulgated by an administrative body.

3. To the extent permitted by law, Executive agrees that he will not cause or encourage any future legal proceedings to be maintained or instituted against any of the Released Parties. To the extent permitted by law, Executive agrees that he will not accept any remedy or recovery arising from any charge filed or proceedings or investigation conducted by the EEOC or by any state or local human rights or employment rights enforcement agency relating to any of the matters released in this Agreement.

4. Older Workers Benefit Protection Act /ADEA Waiver

4.01. Executive acknowledges that Company has advised him in writing to consult with an attorney of his choice before signing this Agreement, and Executive has been given the opportunity to consult with an attorney of his choice before signing this Agreement.

4.02. Executive acknowledges that he has been given the opportunity to review and consider this Agreement for a full twenty-one days before signing it, and that, if he has signed this Agreement in less than that time, he has done so voluntarily in order to obtain sooner the benefits of this Agreement.

4.03. Executive further acknowledges that he may revoke this Agreement within seven (7) days after signing it, provided that this Agreement will not become effective until such seven (7) day period has expired. To be effective, any such revocation must be in writing and delivered to Company's principal place of business by the close of business on the seventh (7th) day after signing the Agreement and must expressly state Executive's intention to revoke this Agreement. Provided that Executive does not timely revoke this Agreement, the eighth (8th) day following Executive's execution hereof shall be deemed the "Effective Date" of this Agreement.

4.04. The Parties also agree that the release provided by Executive in this Agreement does not include a release for claims under the ADEA arising after the date Executive signs this Agreement.

5. Executive shall promptly turn over to the Company any and all documents, files, computer records, or other materials belonging to, or containing confidential or proprietary information obtained from, the Company that are in Executive's possession, custody, or control, including any such materials that may be at Executive's home.

6. Executive acknowledges his obligation to comply with any confidentiality or non-disclosure agreement Executive has executed including as set forth in the Employment Agreement.

7. The Parties agree that they will keep absolutely confidential, and not make any future disclosures to anyone except that the Parties may disclose this Agreement:

7.01. to enforce this Agreement; and/or

7.02. to an attorney; and/or

7.03. tax advisor or attorney in connection with a tax matter; and/or

7.04. to the United States Internal Revenue Service, or state or local tax authority upon its request for tax purposes; and/or

7.05. as required by court order or otherwise required by law or in response to valid legal process; provided that the Parties may make disclosure to attorneys, accountants, tax advisors, and family members only if such persons agree to keep the information confidential; and provided further that before providing information pursuant to a court order or other legal requirement, the Party providing such information shall promptly notify the other Party, and to the extent possible will comply with the court order or other legal requirement in ways that preserve confidentiality; and

7.06. to prospective employers consistent with Section 6.09 of the Employment Agreement.

8. Executive agrees that Executive will not publicly make or publish any adverse, disparaging, untrue, or misleading statement or comment about the Company or any of its officers, directors, employees, or agents. The Company agrees to instruct its directors, officers, and senior management not to

publicly make or publish any adverse, disparaging, untrue, or misleading statement or comment about Executive.

9. Executive agrees to answer questions that the Company may have from time to time regarding matters that Executive worked on and to cooperate with the Company, upon request, to assist in the investigation, prosecution or defense of any claim, grievance, investigation, or audit by or against the Company. The Company agrees to reimburse Executive for any reasonable and necessary out-of-pocket expenses he incurs as a result of such cooperation and to compensate him a reasonable hourly rate in the event such cooperation exceeds an aggregate of 20 hours (provided that the first 20 hours of cooperation has been performed to the reasonable satisfaction of the Company).

10. This Agreement shall not in any way be construed as an admission by the Company of any acts of unlawful conduct, wrongdoing or discrimination against Executive, and the Company specifically disclaims any liability to Executive on the part of itself, its employees, or its agents. This Agreement shall not in any way be construed as an admission by Executive of any acts of unlawful conduct, wrongdoing or discrimination against the Company, and Executive specifically disclaims any liability to Company on the part of himself or his agents.

11. This Agreement shall be binding upon Executive and upon Executive's heirs, administrators, representatives, executors, successors, and assigns, and shall inure to the benefit of the Company, and its representatives, executors, successors, and assigns. This Agreement shall be binding upon the Company and upon the Company's assigns and shall inure to the benefit of Executive and his heirs, administrators, representatives, executors, successors, and assigns.

12. This Agreement and its Exhibits sets forth the entire agreement between the Company and Executive and, except as expressly provided for in this Agreement, fully supersedes any and all prior agreements or understandings between the Company and Executive pertaining to the subject matter hereof, except that Executive's obligations in Section 6 of the Employment Agreement between Executive and the Company shall remain in full force and effect. In reaching this Agreement, neither the Company nor Executive has relied upon any representation or promise except those set forth herein. If any provision, or portion of a provision, of this Agreement is held to be invalid or unenforceable for any reason, the remainder of the Agreement shall remain in full force and effect, as if such provision, or portion of such provision, had never been contained herein. The unenforceability or invalidity of a provision of the Agreement in one jurisdiction shall not invalidate or render that provision unenforceable in any other jurisdiction.

13. This Agreement cannot be amended, modified, or supplemented in any respect except by written agreement entered into and signed by the Parties.

14. This Agreement shall be governed by the laws of the State of Maryland without giving effect to conflict of laws principles, and Executive consents to exclusive personal jurisdiction in the state and federal courts of the State of Maryland for any proceeding arising out of or relating to this Agreement. The language of all parts of the Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the Parties.

15. Executive acknowledges that he has read each and every section of this Agreement and that he understands his rights and obligations under this Agreement. Executive acknowledges that the Company has advised him in writing to consult with an attorney of his choice before signing this Agreement, and that Executive has been given the opportunity to consult with an attorney of his choice before signing this Agreement.

16. This Agreement may be signed in counterparts, each of which shall be considered an original for all purposes, and all of which taken together shall constitute one and the same written agreement.

IN WITNESS WHEREOF, the Company, has caused this Agreement to be executed by its duly authorized officer, and Executive has executed this Agreement, on the date(s) set forth below.

Executive

_____
/Date

MacroGenics, Inc.

By:_____
Name:/Date
Title:

EXHIBIT D

LIST OF PRIOR INVENTIONS

Title	Date	Brief Description

_____ No Inventions. [initial if none]
_____ Additional sheets attached. [initial if additional sheets, and state how many]

Date:

Signature

Name

EXHIBIT 10.2

MACROGENICS, INC.
2013 EQUITY INCENTIVE PLAN

FORM OF RESTRICTED STOCK UNITS GRANT NOTICE

MacroGenics, Inc. (the ***"Company"***), pursuant to its 2013 Equity Incentive Plan (the ***"Plan"***), hereby grants to you (the ***"Participant")*** a restricted stock units award (the "***Award***") covering the number of restricted stock units (the ***"RSUs"***) indicated below. This Award is subject to all of the terms and conditions set forth herein and in the Restricted Stock Units Agreement and the Plan, each of which is attached hereto and incorporated herein in its entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Participant:
Address:
Total Number of RSUs Awarded:

Fair Market Value per RSU on Date of Grant:
Total Fair Market Value of RSUs Awarded on
Date of Grant:
Date of Grant:
Vesting Commencement Date:
Vesting Schedule — Subject to the limitations set forth in this Notice, the Plan and the Restricted Stock Units Agreement, the RSUs shall vest, in cumulative installments, in accordance with the following schedule:

By accepting (whether in writing, electronically or otherwise) the Award, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship with the Company is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), and that nothing in this Notice, the Restricted Stock Units Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company ("***Service***"). Participant also understands that this Notice is subject to the terms and conditions of both the Restricted Stock Units Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Restricted Stock Units Agreement and the Plan. By acceptance of this Award, Participant consents to the electronic delivery of the Notice, the Restricted Stock Units Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs. If the Restricted Stock Units Grant Notice and Agreement is not executed by Participant within thirty (30) days of the Date of Grant above, then this Award shall be void.

MACROGENICS, INC.	**PARTICIPANT**
By:	By:
signature	signature
Title:	
Date:	Date:

ATTACHMENT I

MACROGENICS, INC.
2013 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNITS AGREEMENT

Unless otherwise defined in this Restricted Stock Units Agreement (the ***"Agreement"***), any capitalized terms used herein shall have the meaning ascribed to them in the MacroGenics, Inc. 2013 Equity Incentive Plan (the ***"Plan"***).

The Participant has been granted the RSUs, which are subject to the terms and conditions of the Plan, Restricted Stock Units Grant Notice (the ***"Notice"***) and this Agreement.

1. **GRANT OF RSUS.** The Participant named in the Notice has been granted the number of RSUs specified in the Notice. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement or the Notice, the terms and conditions of the Plan shall prevail.

2. **VESTING; FORFEITURE.** The RSUs shall vest, subject to the Participant's continuing Service, in accordance with the schedule set forth in the Notice. Upon the Participant's termination of Service for any reason (including by reason of death or disability), the RSUs shall be immediately forfeited, except to the extent they have previously vested and except to the extent subject to acceleration pursuant to the Employment Agreement.

3. **PAYMENT OF RSUS.** With respect to the RSUs that have become vested, the Company shall deliver to the Participant within thirty days the number of Shares equal to the number of RSUs that have become vested, subject to Section 7(h) hereof.

4. **NO RIGHTS AS SHAREHOLDER**. The Participant shall have no rights as a shareholder of the Company with respect to the RSUs prior to the issuance of actual Shares to the Participant after the vesting of RSUs.

5. **LIMITED TRANSFERABILITY OF RSUS.** These RSUs shall not be transferable except by will or by the laws of descent and distribution and are payable during the lifetime of the Participant only to the Participant. In addition, subject to the approval of the Board, or a duly authorized Officer, the RSUs may be transferred pursuant to the terms of a domestic relations order or official marital settlement agreement.

6. **NO RIGHTS AS EMPLOYEE, DIRECTOR OR CONSULTANT.** Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary of the Company, to terminate Participant's Service, for any reason, with or without cause.

7. MISCELLANEOUS.

(a) Acknowledgment. The Company and the Participant agree that the RSUs are granted under and governed by the Notice, this Agreement and by the provisions of the Plan (incorporated herein by reference). The Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that the Participant has carefully read and is familiar with their provisions and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

(b) Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the RSUs hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

(c) Compliance with Laws and Regulations. The issuance of the RSUs and any Shares pursuant thereto shall be subject to and conditioned upon compliance by the Company and the Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

(d) Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

(e) Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(f) Notices. Any notice to be given under the terms of the Plan shall be addressed to the Company in care of its principal office, and any notice to be given to the Participant shall be addressed to such Participant at the address maintained by the Company for such person or at such other address as the Participant may specify in writing to the Company.

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(h) Withholding. The number of Shares to be delivered to the Participant upon payment of vested RSUs shall be reduced by a number of Shares with a fair market value equal to the minimum amount the Company is required to withhold for income and employment taxes.

I, Scott Koenig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2015 of MacroGenics, 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.

/s/ Scott Koenig
Scott Koenig, M.D., Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 6, 2015

I, James Karrels, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2015 of MacroGenics, 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.

/s/ James Karrels
James Karrels
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 6, 2015

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, Scott Koenig, President and Chief Executive Officer (principal executive officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended March 31, 2015 of the Registrant (the Report), that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Scott Koenig
Name: Scott Koenig, M.D., Ph.D.
Date: May 6, 2015

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

I, James Karrels, Senior Vice President and Chief Financial Officer (principal financial officer) of MacroGenics, Inc. (the Registrant), certify, to the best of my knowledge, based upon a review of the Quarterly Report on Form 10-Q for the period ended March 31, 2015 of the Registrant (the Report), that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ James Karrels
Name: James Karrels
Date: May 6, 2015