18-02938-E

Madison, Wilton

From: Mark Edwards <medwards@biosciadvisors.com>
Sent: Saturday, March 03, 2018 11:42 AM
To: foiapa
Subject: FOIA Request

I would like to request access to Exhibit 10.33 to the 12/31/07 10-K, filed by Nektar Therapeutics, Inc. on 2/29/2008. Confidential treatment was sought as to certain portions when initially filed with the Commission.

In the event that confidential treatment has not expired or has been extended, I further request that you send me the expiration date(s) from the relevant CT order(s) so I will know when I should resubmit my request.

I authorize up to $61 in search and retrieval fees. Please send the exhibit(s) by PDF if possible.

Sincerely,

Mark

Mark G Edwards
Managing Director
Bioscience Advisors
2855 Mitchell Dr., Suite 103
Walnut Creek, CA 94598
medwards@biosciadvisors.com
925 954-1397

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
STATION PLACE
100 F STREET, NE
WASHINGTON, DC 20549-2465

Office of FOIA Services

March 29, 2018

Mr. Mark G. Edwards
Bioscience Advisors
2855 Mitchell Dr.
Suite 103
Walnut Creek, CA 94598

RE: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 18-02938-E

Dear Mr. Edwards:

This letter is in response to your request, dated March 3, 2018 and received in this office on March 5, 2018, for access to Exhibit 10.33 to the 12/31/07 10-K, filed by Nektar Therapeutics, Inc. on February 29, 2008.

The search for responsive records has resulted in the retrieval of 209 pages of records that may be responsive to your request. They are being provided to you with this letter. Please be advised that this is the best available copy in the custody of the Commission.

No fees have been assessed for our processing of this request. If you have any questions, please contact me at osbornes@sec.gov or (202) 551-8371. You may also contact me at foiapa@sec.gov or (202) 551-7900. You also have the right to seek assistance from Ray J. McInerney as a FOIA Public Liaison or contact the Office of Government Information Services (OGIS) for dispute resolution services. OGIS can be reached at 1-877-684-6448 or Archives.gov or via e-mail at ogis@nara.gov.

Sincerely,

Sonja Osborne

Sonja Osborne
FOIA Lead Research Specialist

Enclosure

EXHIBIT 10.33

FOIA CONFIDENTIAL TREATMENT REQUESTED

EXCLUSIVE RESEARCH, DEVELOPMENT, LICENSE AND MANUFACTURING AND SUPPLY AGREEMENT

BY AND AMONG

NEKTAR THERAPEUTICS AL, CORPORATION

AND

BAXTER HEALTHCARE SA

AND

BAXTER HEALTHCARE CORPORATION

DATED SEPTEMBER 26, 2005

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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EXCLUSIVE RESEARCH, DEVELOPMENT, AND LICENSE AGREEMENT

This Agreement (this "AGREEMENT") is made and entered into as of September 26, 2005 (the "EFFECTIVE DATE") by and among Nektar Therapeutics AL, Corporation, an Alabama corporation, having its principal place of business at 490 Discovery Drive, Huntsville, AL 35806 ("NEKTAR AL"), Baxter Healthcare SA ("BHSA"), a corporation organized and existing under the laws of Switzerland, and Baxter Healthcare Corporation ("BHC"), a Delaware corporation, having its principal place of business at One Baxter Parkway, Deerfield, Illinois 60015 (BHSA and BHC collectively referred to as "BAXTER"). NEKTAR AL and BAXTER may be referred to herein individually as a "PARTY" and collectively as the "PARTIES."

RECITALS

WHEREAS, BAXTER is in the business of developing, making, marketing and selling biopharmaceutical products for the treatment of bleeding disorders;

WHEREAS, NEKTAR AL has proprietary technology useful for attaching poly(ethylene) glycol-based molecules to pharmaceutical compounds, and is engaged in the business of performing research in relation to REAGENTS and CONJUGATES and manufacturing bulk quantities of REAGENTS used in the manufacture of pharmaceutical products;

WHEREAS, BAXTER has developed proprietary technology concerning FACTOR VIII and **VON WILLEBRAND'S FACTOR***, including the **PEGYLATION of VON WILLEBRAND'S FACTOR*** for improving the half-life of FACTOR VIII, and desires to continue such development by entering into an exclusive research and development agreement with NEKTAR AL for the purpose of determining whether NEKTAR AL's proprietary technology can improve the same, and NEKTAR AL desires to exclusively partner with BAXTER to perform such continued development for extending the half-life of FACTOR VIII using its proprietary technology directly with FACTOR VIII or **indirectly with VON WILLEBRAND'S FACTOR as a carrier for FACTOR VIII***;

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WHEREAS, BAXTER desires to provide NEKTAR AL with recombinant FACTOR VIII and **VON WILLEBRAND'S FACTOR molecules*** to use in developing SELECTED REAGENTS and CONJUGATES, and NEKTAR AL desires to, as provided for in this AGREEMENT, provide BAXTER with CONJUGATES and SELECTED REAGENTS for BAXTER's evaluation and potential pre-clinical, clinical and/or commercial development;

WHEREAS, BAXTER shall bear all costs associated with the research and development of NEKTAR AL's CONJUGATES and REAGENTS into POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS, and shall have ultimate control over all product development decisions;

WHEREAS, NEKTAR AL desires to manufacture and supply BAXTER with all of its SELECTED REAGENT requirements (including pre-clinical, clinical trial, POTENTIAL PRODUCT and COMMERCIAL PRODUCT requirements) and BAXTER desires to satisfy all of its SELECTED REAGENT requirements from NEKTAR AL; and

WHEREAS, BAXTER shall have an exclusive license to any POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS developed in the course of this AGREEMENT.

NOW, THEREFORE, in consideration of the foregoing and the covenants and promises contained in this AGREEMENT and in accordance with and subject to the terms and conditions specified below, the PARTIES agree as follows:

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AGREEMENT 1.
Definitions

1.1 "AFFILIATE" means, with respect to any person or entity, any other person or entity that directly or indirectly controls, is controlled by, or is under common control with, such person or entity. For purposes of this definition only, "control," "controlled by" and "under common control with" shall mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting stock or partnership interest, by contract or otherwise. In the case of a corporation, the direct or indirect ownership of fifty percent (50%) or more of its outstanding voting shares or the ability otherwise to elect a majority of the board of directors or other managing authority of the entity shall in any event be deemed to confer control, it being understood that the direct or indirect ownership of a lesser percentage of such shares shall not necessarily preclude the existence of control.

1.2 "BAXTER CORE TECHNOLOGY" means:

(i) **the THERAPEUTIC AGENT, including the DNA and cell line containing the same***;

(ii) a composition of a **PEGYLATED VON WILLEBRAND'S FACTOR: (a)*** as disclosed in any of the examples of the **BAXTER VWF PATENTS, wherein the REAGENT is not a NEKTAR PROPRIETARY REAGENT*** on the EFFECTIVE DATE, or **(b) which is developed during and in the course of performing under this AGREEMENT by modification of VON WILLEBRAND'S FACTOR with PEG at specific sites, or containing a specific number of PEG molecules, but only as to a composition covered by a claim only specifying the specific number of PEG molecules to be bound to VON WILLEBRAND'S FACTOR or the specific sites at which the PEG**

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molecules are to be bound. A chemical entity resulting from PEGYLATION of VON WILLEBRAND'S FACTOR to a NEKTAR PROPRIETARY REAGENT* shall not fall within the BAXTER CORE TECHNOLOGY and shall instead be considered JOINTLY OWNED TECHNOLOGY;

(iii) a method of: (a) **making a PEGYLATED VON WILLEBRAND'S FACTOR as disclosed in any of the examples of the BAXTER VWF PATENTS; (b) selecting or identifying specific sites on VON WILLEBRAND'S FACTOR to which a PEG molecule is to be bound, or (c) selecting or using a specific number of PEG molecules which are to be bound to VON WILLEBRAND'S FACTOR***; provided that in each case none of such methods employs a NEKTAR PROPRIETARY METHOD on the EFFECTIVE DATE.

(iv) methods of **using the THERAPEUTIC AGENT and/or COMMERCIAL PRODUCT***;

(v) methods of **culturing the cell line from which the THERAPEUTIC AGENT is expressed***;

(vi) methods of **purifying the THERAPEUTIC AGENT from the cell culture media***;

(vii) **formulations of the COMMERCIAL PRODUCT and/or the THERAPEUTIC AGENT***;

(viii) methods of **purifying and formulating the COMMERCIAL PRODUCTS and/or THERAPEUTIC AGENT, including purification and formulation of such COMMERCIAL PRODUCTS into a pharmaceutical compound***;

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(ix) the methods **and apparatus disclosed in the BAXTER VWF PATENTS that are not NEKTAR PROPRIETARY METHODS or NEKTAR PROPRIETARY REAGENTS on the EFFECTIVE DATE; and/or***

(x) **mechanisms of prolonging the half-life of FACTOR VIII based solely on LDLR solely as set forth in Point 3 of BAXTER Research Plan attached as Exhibit 1***.

1.3 "BAXTER CORE TECHNOLOGY INVENTIONS" has the meaning set forth in Section 16.5.

1.4 "BAXTER INDEMNITEE" has the meaning set forth in Section 15.1.1.

1.5 "BAXTER KNOW-HOW" means all KNOW-HOW **CONTROLLED by BAXTER that is necessary or useful for NEKTAR AL in connection with NEKTAR AL'S performance of its obligations under this AGREEMENT***. For the avoidance of doubt, **BAXTER PATENT RIGHTS*** are excluded from the definition of BAXTER KNOW-HOW.

1.6 "BAXTER MATERIALS" has the meaning set forth in Section 2.4.2.

1.7 "BAXTER PATENT RIGHTS" means all claims in those PATENTS and PATENT APPLICATIONS (i) **CONTROLLED by BAXTER that are necessary for NEKTAR AL in connection with NEKTAR AL'S performance of its obligations under this AGREEMENT, including the BAXTER VWF PATENTS*** and (ii) that **BAXTER solely owns during the TERM as a result of the operation of Section 16.5***.

1.8 "BAXTER PROPRIETARY CONJUGATE" means a CONJUGATE, the composition of matter, manufacture, use, offer for sale, sale or import of which is covered by a claim of the **BAXTER VWF PATENTS***.

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1.9 **"BAXTER VWF PATENTS"*** means BAXTER's provisional patent applications **(U.S. Patent Application Numbers 6203 60/639244 filed 12/27/04, 6203(1) 60/668378 filed 4/5/05, 6203(2) 60/671901 filed 4/15/05, and 6203(3) 60/685086 filed 5/26/05)*** (the "PROVISIONALS"), and any U.S. or other patent applications claiming priority therefrom, including any continuation, divisional, reissue, reexamination or substitution (and in each case any foreign counterpart thereto), and any extension, renewal or supplemental protection certificate; provided that the only additional information that may be added after the EFFECTIVE DATE to the disclosure of the PROVISIONALS ("ADDITIONAL INFORMATION") in the preparation of a U.S. or other patent application claiming priority from the PROVISIONALS shall be **(i) limited to information obtained during and in the course of performing the experiments identified in the BAXTER Research Plan attached as Exhibit 1, which activities shall not be considered to have been performed under this AGREEMENT; and (ii) added to a U.S. or other patent application claiming priority from the PROVISIONALS that is filed no later than December 27, 2005 or filed no later June 27, 2006, for a subsequent filing of a U.S. or other patent application claiming priority from the PROVISIONALS, and/or any subsequently filed U.S. or other patent claiming priority therefrom to include only that data identified in point 3 of the BAXTER Research Plan attached as Exhibit 1***. For avoidance of doubt, BAXTER agrees that (a) **ADDITIONAL INFORMATION shall only be derived during and in the course of performing the experiments identified in the BAXTER Research Plan attached as Exhibit 1, (b) BAXTER shall not use any CONFIDENTIAL INFORMATION of NEKTAR AL in performing the experiments identified in the BAXTER Research Plan, and (c) the ADDITIONAL INFORMATION shall not include any CONFIDENTIAL INFORMATION of NEKTAR AL***.

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1.10 "BLA" means a Biologics License Application filed with the FDA pursuant to 21 C.F.R. § 601.2 et seq., or any foreign equivalent filed with the regulatory authorities in a country or territory to obtain MARKETING AUTHORIZATION for a COMMERCIAL PRODUCT in such country or territory.

1.11 "CLAIMS" has the meaning set forth in Section 15.1.1.

1.12 "COMMERCIAL DILIGENCE THRESHOLD" has the meaning set forth in Section 9.4.

1.13 "COMMERCIAL PRODUCT" means any POTENTIAL PRODUCT that has received MARKETING AUTHORIZATION which BAXTER, its AFFILIATES and/or SUBLICENSEES market and/or sell for administration to or use by humans or animals.

1.14 "CONFIDENTIAL INFORMATION" has the meaning set forth in Section 11.2.

1.15 "CONJUGATE(S)" means any chemical entity obtained by the PEGYLATION of a REAGENT to a therapeutic agent (including a THERAPEUTIC AGENT).

1.16 "CONTRACT MANUFACTURER" means a THIRD PARTY who (a) manufactures POTENTIAL PRODUCT or COMMERCIAL PRODUCT on behalf of BAXTER as permitted herein, or (b) manufactures SELECTED REAGENT as permitted under and pursuant to Schedule V.

1.17 "CONTROL(LED)" means the ability to grant a license or sublicense as provided for herein without violating the terms of any agreement or other arrangement with any THIRD PARTY and, with respect to KNOW-HOW, also means that which is not known to the other PARTY prior to disclosure thereto (whether under this AGREEMENT or the NON-DISCLOSURE AGREEMENT), nor freely available from the public domain or THIRD PARTIES.

1.18 "DEVELOPMENT AND PRODUCTION COMMITTEE" means the committee described in Section 3.3.

1.19 "DISCLOSING PARTY" means the PARTY disclosing CONFIDENTIAL INFORMATION to the other PARTY hereunder.

1.20 "DOLLAR(S)" means United States dollars.

1.21 "EMEA" means the European Medicines Evaluation Agency, and any successor agency thereto having the administrative authority to regulate the marketing of human pharmaceutical products, biological therapeutic products and delivery systems in the European Union.

1.22 "ESTIMATED COST" has the meaning set forth in Schedule VI.

1.23 **"FACTOR VII"*** means a compound that is a **Factor VII molecule including the uncleaved form, the bioactive form (FVIIa) and any recombinantly produced equivalents thereof, and any derivatives, mutations, deletions or substitutions thereof having Factor VII activity as measured by assay of human coagulation Factor VII, European Pharmacopoeia monograph 01-2005:20710, and having a molecular size of more than 10,000***. For clarity, **FACTOR VII does not include FACTOR IX***.

1.24 "FACTOR VIII" means a compound that is a Factor VIII molecule, **including the full-length FACTOR VIII protein, B-domain deleted molecule and any recombinantly produced equivalents thereof, and any derivatives, mutations, deletions or substitutions thereto having Factor VIII activity as measured by assay of human coagulation Factor VIII, European Pharmacopoeia monograph 01-2005:20704, and having a molecular size of more than 10,000***. For clarity, **FACTOR VIII does not include FACTOR IX***.

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1.25 "FDA" means the United States Food and Drug Administration or any successor entity that may be established hereafter which has substantially the same authority or responsibility currently vested in the United States Food and Drug Administration.

1.26 "FIELD" means **PEGYLATED VON WILLEBRAND'S FACTOR***, either for use alone for the treatment of **Von Willebrand's disease or as a carrier for FACTOR VIII***, in the treatment of Hemophilia A, or PEGYLATED FACTOR VIII or **PEGYLATED FACTOR VII*** for the treatment of Hemophilia A.

1.27 "FIRST COMMERCIAL SALE" means, with respect to a COMMERCIAL PRODUCT, the first sale by BAXTER or its AFFILIATES or SUBLICENSEES to a THIRD PARTY following receipt of MARKETING AUTHORIZATION for such COMMERCIAL PRODUCT in the country of sale.

1.28 "FTE" means the equivalent of an employee working **one thousand eight hundred and eighty (1880)*** labor hours per year.

1.29 "FTE RATE" has the meaning set forth in Section 2.2.

1.30 "GAAP" has the meaning set forth in Schedule VI.

1.31 "INITIAL ROYALTY TERM" has the meaning set forth in Section 9.2.

1.32 "INVENTIONS" means any and all ideas, concepts, methods, procedures, processes, improvements, inventions and discoveries, whether or not patentable, that are conceived or first reduced to practice during and in the course of the performance of activities conducted in connection with this AGREEMENT, including the development or manufacture of a POTENTIAL PRODUCT or a COMMERCIAL PRODUCT.

1.33 "JOINT INVENTION" has the meaning set forth in Section 16.3.

1.34 "JOINT PATENT APPLICATIONS" and "JOINT PATENT" have the meanings set forth in Section 16.7.

1.35 "JOINT STEERING COMMITTEE" means the committee described in Section 3.1.

1.36 "JOINTLY OWNED TECHNOLOGY" means an INVENTION covering the composition of **PEGYLATED VON WILLEBRAND'S FACTOR where a REAGENT contained in such composition is the SELECTED REAGENT or is a NEKTAR PROPRIETARY REAGENT***.

1.37 "KNOW-HOW" means all technical, scientific and other know-how, data, materials, information, trade secrets, ideas, formulae, inventions, discoveries, processes, machines, compositions of matter, improvements, protocols, techniques, works of authorship, and results of experimentation and testing (whether or not patentable) in written, electronic, oral or any other form that is not known to the other PARTY prior to disclosure thereto (whether under this AGREEMENT or the NON-DISCLOSURE AGREEMENT), nor freely available from the public domain or from THIRD PARTIES.

1.38 "LAW(S)" means any local, state or federal rule, regulation, statute or law in any jurisdiction relevant to the activities undertaken pursuant to this AGREEMENT or applicable to either of the PARTIES with respect to any matters set forth herein.

1.39 "MAJOR MARKETS" has the meaning set forth in Section 9.2.1.

1.40 "MANUFACTURING COST" has the meaning set forth in Schedule VI.

1.41 "MARKETING AUTHORIZATION" means the requisite governmental approval for the marketing and sale of a COMMERCIAL PRODUCT in a given country.

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1.42 "MILESTONE" means the milestone payments set forth in Schedule II.

1.43 "NEKTAR AL CORE TECHNOLOGY" means:

(i) **the composition of REAGENTS, but specifically excluding those REAGENTS disclosed in the BAXTER VWF PATENTS that are not NEKTAR PROPRIETARY REAGENTS on the EFFECTIVE DATE***;

(ii) methods of **using REAGENTS, but specifically excluding those methods disclosed in the BAXTER VWF PATENTS that are not NEKTAR PROPRIETARY METHODS on the EFFECTIVE DATE***;

(iii) methods of **making, processing, analyzing or characterizing REAGENTS (including SELECTED REAGENTS)***;

(iv) methods of **attaching one or more REAGENTS (including SELECTED REAGENTS) to or associating one or more REAGENTS (including SELECTED REAGENTS) with or to any therapeutic agent (including a THERAPEUTIC AGENT), but specifically excluding those methods disclosed in the BAXTER VWF PATENTS that are not NEKTAR PROPRIETARY METHODS on the EFFECTIVE DATE***;

(v) methods of **directing or controlling the point of attachment of one or more REAGENTS (including SELECTED REAGENTS) to or associating one or more REAGENTS (including SELECTED REAGENTS) with any therapeutic agent (including a THERAPEUTIC AGENT), but specifically excluding such methods disclosed in the BAXTER VWF PATENTS that are not NEKTAR PROPRIETARY METHODS on the EFFECTIVE DATE***;

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(vi) **the composition of any product (including CONJUGATES, POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS) obtained by attaching or associating one or more REAGENTS, including SELECTED REAGENTS, by PEGYLATION to or with any therapeutic agent (including a THERAPEUTIC AGENT) other than those compositions (a) defined in Section 1.2(ii), (b) that is a BAXTER PROPRIETARY CONJUGATE, or (c) that falls within the scope of JOINTLY OWNED TECHNOLOGY; and***

(vii) methods of **making, formulating, combining, processing, using, analyzing or characterizing two (2) or more REAGENTS (including SELECTED REAGENTS) in combination***.

1.44 "NEKTAR AL CORE TECHNOLOGY INVENTIONS" has the meaning set forth in Section 16.4.

1.45 "NEKTAR AL INDEMNITEE" has the meaning set forth in Section 15.1.2.

1.46 "NEKTAR AL KNOW-HOW" means all KNOW-HOW **CONTROLLED by NEKTAR AL that pertains to REAGENTS and/or PEGYLATION used to develop, make, use, sell or import POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS under this AGREEMENT. NEKTAR AL PATENT RIGHTS are excluded from the definition of NEKTAR AL KNOW-HOW***.

1.47 "NEKTAR AL LICENSED TECHNOLOGY" means, collectively, the NEKTAR AL PATENT RIGHTS and NEKTAR AL KNOW-HOW.

1.48 "NEKTAR AL MATERIALS" has the meaning set forth in Section 2.4.1.

1.49 "NEKTAR AL PATENT RIGHTS" means all of the claims in those PATENTS and PATENT APPLICATIONS CONTROLLED by NEKTAR AL which (i)

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pertain to **PEGYLATION and cover the composition, manufacture, sale, offer for sale, import or use of POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS, or the use of SELECTED REAGENTS to develop, make, have made, use, sell, offer for sale, or import POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS and (ii) are necessary to develop, make, have made, use, sell, have sold, offer for sale and import POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS pursuant to the license set forth in Section 4.1, including those claims that NEKTAR AL solely owns as a result of the operation of Section 16.4***.

1.50 "NEKTAR PROPRIETARY METHODS" means (i) **methods of using REAGENT, including SELECTED REAGENTS; (ii) methods of attaching one or more REAGENTS (including SELECTED REAGENTS) to or associating one or more REAGENTS (including SELECTED REAGENTS) with or to any therapeutic agent (including a THERAPEUTIC AGENT); or (iii) methods of directing or controlling the point of attachment of one or more REAGENTS (including SELECTED REAGENTS) to or associating one or more REAGENTS (including SELECTED REAGENTS) with any therapeutic agent (including a THERAPEUTIC AGENT), which are covered by NEKTAR AL PATENT RIGHTS or NEKTAR AL KNOW HOW***.

1.51 "NEKTAR PROPRIETARY REAGENT" means a REAGENT, the composition of matter, manufacture, use, offer for sale, sale or import of which is covered by **NEKTAR AL PATENT RIGHTS or NEKTAR AL KNOW-HOW***.

1.52 "NET SALES" means the amount invoiced by BAXTER, its AFFILIATES or SUBLICENSEES for the sale to THIRD PARTIES of COMMERCIAL PRODUCT commencing with the FIRST COMMERCIAL SALE. **NET SALES**

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shall be reduced by the following, to the extent included in the amount invoiced*:

(i) **customary trade and quantity discounts actually allowed and taken***;

(ii) **allowances actually given for returned COMMERCIAL PRODUCT***;

(iii) **freight and insurance, if separately identified on the invoice***;

(iv) **allowances or rebates, including Medicare, Medicaid and any other Federal, State and/or government-mandated programs which qualify for or require a manufacturer/distributor rebate; and***

(v) **value-added tax, sales, use or turnover taxes, excise taxes and customs duties included in the invoiced price***.

In addition to the foregoing **reductions***, BAXTER may **reduce NET SALES by the lesser of (a) up to one half of one percent (0.5%)*** of the aggregate gross amount invoiced on account of sales of a COMMERCIAL PRODUCT by BAXTER, its AFFILIATES or SUBLICENSEES to THIRD PARTIES in the relevant country during the relevant calendar quarter in respect of which royalties are being calculated or (b) **the actual amount of any write-offs for bad debt relating to such sales of COMMERCIAL PRODUCT*** during the relevant calendar quarter in respect of which royalties are being calculated.

NET SALES shall be deemed to accrue upon the date of the invoice for COMMERCIAL PRODUCT*. In addition, BAXTER'S NET SALES hereunder are subject to the following:

(A) **In the case of pharmacy incentive programs, hospital performance incentive program charge backs, disease management programs or other programs, or discounts on "bundles" or any combinations of products, all discounts and the like shall be allocated among products**

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on the basis on which such discounts and the like were accrued, or if such basis cannot be determined, proportionately to the list prices of such products*;

(B) **In the case of any sale or other disposal of COMMERCIAL PRODUCT by BAXTER to an AFFILIATE, for resale, the NET SALES shall be calculated as above on the value received on the first arm's length sale to a THIRD PARTY; and***

(C) **In the event of a sublicense as to POTENTIAL PRODUCT or COMMERCIAL PRODUCT, the SUBLICENSEE'S NET SALES will be calculated as set forth herein***.

1.53 "NONCONFORMING REAGENTS" has the meaning set forth in Section 6.3.

1.54 "NON-DISCLOSURE AGREEMENT" means that agreement entered into between the PARTIES on **August 12, 2004, as amended August 12, 2005***, providing for confidential treatment of the PARTIES' information.

1.55 "PATENT" means any claim in a patent including any extension, substitution, registration, confirmation, reissue, supplemental protection certificate, re-examination or renewal of such patent, to the extent valid and enforceable rights are granted by a governmental authority thereunder (and in each case any foreign counterpart thereto).

1.56 "PATENT APPLICATION" means any claim in an application for letters patent, including a provisional application, converted provisional application, continuation application, a continued prosecution application, a continuation-in-part application, a divisional application, a re-examination application, and a reissue application (and in each case any foreign counterpart thereto).

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1.57 "PEG" means poly(ethylene) glycol.

1.58 "PEGYLATION," with correlative meanings "PEGYLATED" or to "PEGYLATE", means covalent chemical bonding of any REAGENT (including a SELECTED REAGENT and including covalent chemical bonding through linking groups), with or to another material or materials. Such materials include, without limitation, proteins, peptides, polymers, oligomers, oligonucleotides, other biomolecules, small molecules, therapeutic agents (including a THERAPEUTIC AGENT), diagnostic agents, imaging agents and detectable labels. Additional materials that may be PEGYLATED include, without limitation, polymers, liposomes, films, chemical separation and purification surfaces, solid supports, metal/metal oxide surfaces and other surfaces such as, by way of example but not limitation, those on implanted devices, and equipment, where a REAGENT is covalently chemically bonded to one or more reactive molecules on the surface of such device or equipment. "PEGYLATION" shall include the synthesis, derivatization, characterization, and modification of PEG for such purposes, together with the synthesis, derivatization, characterization, and modification of the raw materials and intermediates for the manufacture of REAGENTS (including SELECTED REAGENTS) or products (including POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS) incorporating such REAGENT by means of covalent chemical bonding, and all methods of making and using each and all of the foregoing.

1.59 "PHASE 1 CLINICAL TRIAL" means the first lawful study in humans, conducted in accordance with 21 C.F.R. §312.21(a) (or the equivalent LAWS and regulations in jurisdictions outside the United States).

1.60 "PHASE 2 CLINICAL TRIAL" means a controlled clinical trial, conducted in accordance with 21 C.F.R. §312.21(b) (or the equivalent LAWS and regulations in jurisdictions outside the United States).

1.61 "PIVOTAL TRIAL," also known as a Phase 3 clinical trial, means a controlled or uncontrolled clinical trial, conducted in accordance with § 21 C.F.R. 312.21(c) (or the equivalent LAWS and regulations in jurisdictions outside the United States).

1.62 "POTENTIAL PRODUCT" means (i) any chemical entity resulting from attachment of any THERAPEUTIC AGENT to a SELECTED REAGENT by means of PEGYLATION that is selected by the RESEARCH COMMITTEE or (ii) any product using PEGYLATION to extend or otherwise improve the half-life of **FACTOR VII or*** FACTOR VIII, whether by using PEGYLATION technology directly with **FACTOR VII or*** FACTOR VIII, or by means of the PEGYLATION of **VON WILLEBRAND'S FACTOR (e.g., indirectly using VON WILLEBRAND'S FACTOR as a carrier for FACTOR VIII)***.

1.63 "PURCHASE PRICE" has the meaning set forth in Section 8.6.1.

1.64 "QUALITY AGREEMENT(S)" shall include:

(i) the quality agreement governing the manufacture and supply of **SELECTED REAGENTS to be used by BAXTER in POTENTIAL PRODUCTS that are to be administered in human clinical trials***, which shall be negotiated by the PARTIES **in good faith and agreed to no later than the first non-clinical study which is intended to support a PHASE 1 CLINICAL TRIAL***; and

(ii) the quality agreement governing the manufacture and supply of **SELECTED REAGENTS to be used by BAXTER in COMMERCIAL PRODUCTS***, which shall be negotiated by the PARTIES **in good faith**

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and agreed to no later than the commencement of the first PIVOTAL CLINICAL TRIAL*.

The QUALITY AGREEMENT(S) shall be in substantially the same form as Schedule III hereto. For purposes hereof, **commencement of the first PIVOTAL CLINICAL TRIAL shall be the first dosing of the first subject in such PIVOTAL CLINICAL TRIAL***.

1.65 "REAGENT" means a PEG derivative used in the manufacture of a pharmaceutical or diagnostic product or medical device, including a SELECTED REAGENT.

1.66 "RECIPIENT" means the PARTY receiving CONFIDENTIAL INFORMATION hereunder.

1.67 "RESEARCH COMMITTEE" means the committee described in Section 3.2.

1.68 "RESEARCH PLAN" means the PARTIES' respective activities and responsibilities as set forth in the RESEARCH PLAN attached hereto as Schedule I, as amended and revised by the RESEARCH COMMITTEE from time to time.

1.69 "RESPONSIBLE PARTY" has the meaning set forth in Section 16.7.

1.70 "ROYALTY RATE" means the following:

(i) **four percent (4%) of the first eight hundred million DOLLARS ($800,000,000) of*** NET SALES of all COMMERCIAL PRODUCTS sold in a calendar year;

(ii) **six percent (6%) of the next four hundred million DOLLARS ($400,000,000) of*** NET SALES of all COMMERCIAL PRODUCTS sold in such calendar year; and

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(iii) **thirteen percent (13%) of any*** NET SALES of all COMMERCIAL PRODUCTS sold in such calendar year **in excess of one billion two hundred million DOLLARS ($1,200,000,000)***.

By way of example but not limitation, if NET SALES of all COMMERCIAL PRODUCTS sold in a calendar year are **two billion DOLLARS ($2,000,000,000)***, then BAXTER shall pay to NEKTAR AL a royalty of **four percent (4%)*** on the **first eight hundred million DOLLARS ($800,000,000)*** of such NET SALES, **six percent (6%)*** on the portion of such NET SALES between **eight hundred million DOLLARS ($800,000,000)*** and **one billion two hundred million DOLLARS ($1,200,000,000)***, and **thirteen percent (13%)*** on the portion of such NET SALES **in excess of one billion two hundred million DOLLARS ($1,200,000,000)***. For clarity, the ROYALTY RATE shall be applied to the aggregate annual worldwide NET SALES of all COMMERCIAL PRODUCTS, and **shall not be applied on a COMMERCIAL PRODUCT-by-COMMERCIAL PRODUCT basis***. By way of example but not limitation, if during any one calendar year, there are two (2) COMMERCIAL PRODUCTS being sold by or on behalf of BAXTER or its AFFILIATES or SUBLICENSEES, and NET SALES of one COMMERCIAL PRODUCT sold in such calendar year are **five hundred million DOLLARS ($500,000,000)***, and NET SALES of the other COMMERCIAL PRODUCT sold in the same calendar year are **nine hundred million DOLLARS ($900,000,000)*** then, for the purposes hereof, the aggregate annual NET SALES of all COMMERCIAL PRODUCTS will be deemed to be **one billion, four hundred million DOLLARS ($1,400,000,000)*** for such calendar year, and BAXTER shall pay to NEKTAR AL a royalty of **four percent (4%)*** on the **first eight hundred million DOLLARS ($800,000,000)*** of such NET SALES, **six percent (6%)*** on the portion of such NET SALES between **eight hundred million DOLLARS**

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($800,000,000)* and **one billion two hundred million DOLLARS ($1,200,000,000)***, and **thirteen percent (13%)*** on the portion of such NET SALES in excess of **one billion two hundred million DOLLARS ($1,200,000,000)***, for total payments by BAXTER of **eighty-two million DOLLARS ($82,000,000) (4% x 800 million + 6% x 400 million +13% x 200 million)***.

1.71 "SCIENTIFIC ADVISORS" has the meaning set forth in Section 3.1.

1.72 "SCIENTIFIC AND TECHNICAL ADVISORY BOARD" means the board described in Section 3.1.

1.73 "SELECTED REAGENT" means a REAGENT that is attached to a THERAPEUTIC AGENT by means of PEGYLATION in a POTENTIAL PRODUCT or COMMERCIAL PRODUCT, as selected by the RESEARCH COMMITTEE.

1.74 "SOLE INVENTION" has the meaning set forth in Section 16.3.

1.75 "SPECIFICATIONS" means the specifications for a SELECTED REAGENT to be used in a POTENTIAL PRODUCT or COMMERCIAL PRODUCT determined based upon definitive testing criteria that are agreed in writing by the DEVELOPMENT AND PRODUCTION COMMITTEE and which will be set forth in the applicable QUALITY AGREEMENT.

1.76 "SUBLICENSEE" means any person or entity, including AFFILIATES, to which BAXTER grants a sublicense (i) to research and/or develop POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS or (ii) to make, have made, use, sell, have sold, offer for sale and/or import POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS (which for the purposes hereof will include the right to distribute, market or promote).

1.77 "SUPPLY AGREEMENT" means the supply agreement to be entered into by the PARTIES in accordance with Section 5.3.

1.78 "TERM" has the meaning set forth in Section 19.1.

1.79 "TERRITORY" means the world.

1.80 "THERAPEUTIC AGENT" means **FACTOR VII***, FACTOR VIII **or VON WILLEBRAND'S FACTOR, and protein mimetics, peptide mimetics and small molecule mimetics*** of each of the foregoing. For clarity, THERAPEUTIC AGENT does not include **FACTOR IX***.

1.81 "THIRD PARTY" means any entity other than NEKTAR AL, BAXTER, a SUBLICENSEE of BAXTER or their respective AFFILIATES, whether such THIRD PARTY is a person, company, corporation, limited liability company, partnership or other such legal entity, or a division or operating or business unit of such legal entity.

1.82 "VALID PATENT CLAIM" means a claim of an issued and unexpired PATENT within the **NEKTAR AL PATENT RIGHTS or JOINT PATENTS*** covering the manufacture, use, sale, offer for sale or import of a SELECTED REAGENT or a COMMERCIAL PRODUCT, which PATENT is owned or CONTROLLED by NEKTAR AL or jointly by the PARTIES and has not (a) expired or been canceled, (b) been declared invalid by an unreversed and unappealable decision of a court or other appropriate body of competent jurisdiction, (c) been admitted to be invalid or unenforceable through reissue, disclaimer, or otherwise or (d) been abandoned.

1.83 **"VON WILLEBRAND'S FACTOR"*** means the **naturally occurring protein molecule, also referred to as "VWF," and any recombinantly produced equivalent thereof, and including any derivatives, mutations, deletions or substitutions thereto having the same functionality as VWF or the capability**

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of binding FACTOR VIII. VON WILLEBRAND'S FACTOR includes any fraction of VWF or peptide portion thereof having all or some of the functionality as naturally occurring in VWF and in particular the ability to bind FACTOR VIII*.

2. Research and Development Activities

2.1 OVERVIEW. The PARTIES' research and development responsibilities are set forth in the RESEARCH PLAN, which shall be an evolving document that is updated and revised from time to time in writing by the RESEARCH COMMITTEE.

As decided by the RESEARCH COMMITTEE provided for in Section 3.2, and provided that BAXTER provides NEKTAR AL with **sufficient quantities of recombinant FACTOR VIII and VON WILLEBRAND'S FACTOR molecules*** in a timely manner in accordance with the time frames set forth in the RESEARCH PLAN as provided for herein, NEKTAR AL shall, in a timely manner in accordance with the time frames set forth in the RESEARCH PLAN, provide BAXTER with **sufficient quantities of CONJUGATES and SELECTED REAGENTS to be utilized by BAXTER*** in its research and development activities to extend the half-life of FACTOR VIII using PEGYLATION directly with FACTOR VIII **or indirectly with VON WILLEBRAND'S FACTOR as a carrier for FACTOR VIII***. BAXTER shall, in a timely manner in accordance with the time frames set forth in the RESEARCH PLAN, provide NEKTAR AL with **sufficient quantities of recombinant FACTOR VIII and VON WILLEBRAND'S FACTOR molecules*** to use in developing REAGENTS and CONJUGATES.

NEKTAR AL shall use commercially reasonable efforts to collaborate and cooperate with BAXTER in researching and developing CONJUGATES and

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REAGENTS (including SELECTED REAGENTS) to be utilized in developing POTENTIAL PRODUCTS pursuant to the RESEARCH PLAN, as amended from time to time. **Initially, NEKTAR AL shall be responsible for attaching REAGENTS to THERAPEUTIC AGENTS, and shall provide BAXTER with the resulting CONJUGATES***. After the RESEARCH COMMITTEE selects one or more CONJUGATES to develop into POTENTIAL PRODUCTS, the REAGENT that is used to make each such CONJUGATE shall be deemed a SELECTED REAGENT hereunder, and **NEKTAR AL shall transfer the technology to enable BAXTER to manufacture such CONJUGATES, and thereafter provide BAXTER with the specific SELECTED REAGENTS necessary to make such CONJUGATES, as set forth in Section 2.6 below***.

BAXTER is responsible for the development of POTENTIAL PRODUCTS after receipt of the CONJUGATES and SELECTED REAGENTS*, in accordance with the RESEARCH PLAN, and for all costs and expenses associated therewith (subject to the approval requirements set forth herein).

For clarity, **BAXTER may simultaneously develop one or more POTENTIAL PRODUCTS, and take more than one POTENTIAL PRODUCT into clinical trials***. During such clinical trials, or in the event of the cancellation or failure of any such clinical trials, **NEKTAR AL shall continue to provide CONJUGATES and SELECTED REAGENTS throughout the TERM, at BAXTER's request***, in accordance with Section 3.2.

2.2 NEKTAR AL PAYMENTS. In addition to the MILESTONES and royalties to be paid by BAXTER to NEKTAR AL hereunder, BAXTER shall pay NEKTAR AL for all **FTE costs (time, standard supplies and materials)*** directly incurred and solely associated with the development and manufacture of such CONJUGATES and REAGENTS (including SELECTED REAGENTS). NEKTAR AL's **FTE**

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costs (time, standard supplies and materials) shall be billed at Two Hundred Fifty Thousand Dollars ($250,000) for each FTE per year ("FTE RATE")*, subject to the following increases: NEKTAR AL shall adjust the **FTE RATE*** for each calendar year commencing with the year 2006 to reflect any year-to-year increase in the Consumer Price Index (CPI) (based on a cumulative index of CPI numbers starting on the EFFECTIVE DATE to the date of the calculation of such **FTE RATE***).

BAXTER shall reimburse NEKTAR AL for additional materials purchased by NEKTAR AL to perform its activities under the RESEARCH PLAN, without mark-up*, which materials shall be equipment purchased by NEKTAR AL that is required for the performance of its activities under the RESEARCH PLAN. The cost of such additional materials shall not exceed **Five Thousand Dollars ($5,000) per month without BAXTER'S prior written consent***. BAXTER shall respond to such a request by NEKTAR AL promptly, and in no event later than thirty (30) days after its receipt of such request.

NEKTAR AL shall not bill BAXTER, and BAXTER shall not be required to pay NEKTAR AL, for the first **seven thousand, five hundred and twenty (7,520) hours of NEKTAR AL's FTE costs (time, standard supplies and materials)*** expended by NEKTAR AL in performing activities under the RESEARCH PLAN.

NEKTAR AL shall invoice such **FTE costs and costs of additional materials*** to BAXTER on a **quarterly basis, which BAXTER may audit***, pursuant to Section 10.2. For clarity, BAXTER shall pay for **actual FTE hours worked***, which shall be calculated by multiplying (i) **actual hours worked*** pursuant to this AGREEMENT by (ii) the quotient of (a) the **FTE RATE*** divided by (b) **one thousand eight hundred eighty (1,880)***. BAXTER shall pay the amounts set forth in each such invoice within **sixty (60) days*** after the date thereof.

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For clarity, BAXTER shall pay NEKTAR AL as provided for under this Section 2.2 for so long as NEKTAR AL is performing activities under the RESEARCH PLAN; provided, however, that on a POTENTIAL PRODUCT-by-POTENTIAL PRODUCT basis, **such payments shall cease when such POTENTIAL PRODUCT is used in a pre-clinical animal toxicity study or a PHASE 1 CLINICAL TRIAL (whichever is earlier), at which point the manufacture of SELECTED REAGENT has moved from "research and development" to "production" at NEKTAR AL*** and, thereafter, the costs and expenses to be paid by **BAXTER to NEKTAR AL for any further development and/or manufacture of the SELECTED REAGENT used in such POTENTIAL PRODUCT in "production" shall be as provided for in Article 5, Section 8.6 and the SUPPLY AGREEMENT***.

2.3 MARKETING AUTHORIZATION. As between the PARTIES, BAXTER shall be responsible for all development activities under the RESEARCH PLAN, all manufacturing activities associated with the manufacture of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS, all activities associated with the **marketing, promotion, distribution and sale of COMMERCIAL PRODUCTS***, and for the **preparation, filing and maintenance of applications for any MARKETING AUTHORIZATIONS*** for COMMERCIAL PRODUCTS. **BAXTER shall have the sole responsibility for determining which indications and in which countries within the TERRITORY such MARKETING AUTHORIZATIONS will be pursued***.

2.4 MATERIALS.

2.4.1 NEKTAR AL MATERIALS. Any samples of SELECTED REAGENTS or CONJUGATES that are provided by NEKTAR AL to BAXTER in the course of the RESEARCH PLAN (collectively, the "NEKTAR AL

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MATERIALS") are owned exclusively by NEKTAR AL and provided solely for the performance of the RESEARCH PLAN, or to otherwise extend the half-life of a THERAPEUTIC AGENT, and for no other purpose. Without limitation, BAXTER will not:

(i) **attempt to reverse engineer or design around any NEKTAR AL MATERIALS***;

(ii) **use any NEKTAR AL MATERIALS or any derivative products thereof in humans***;

(iii) **chemically analyze or chemically modify the structure of any NEKTAR AL MATERIALS (including, without limitation, by performing tests such as HPLC, gas chromatography or x-ray crystallography)***;

(iv) **use any NEKTAR AL MATERIALS for any purpose; or**

(v) **modify, adapt or create derivatives of any NEKTAR AL MATERIALS***,

except in each case, to extend the half-life of a THERAPEUTIC AGENT or otherwise in conjunction with the RESEARCH PLAN. For clarity, BAXTER understands and agrees that any activities (and the results thereof) that are carried out by or on behalf of BAXTER outside of the RESEARCH PLAN, which utilize any NEKTAR AL MATERIALS or CONFIDENTIAL INFORMATION of NEKTAR AL (including those activities to extend the half-life of a THERAPEUTIC AGENT utilizing any NEKTAR AL MATERIALS or any CONFIDENTIAL INFORMATION OF NEKTAR AL), are subject to and governed by the terms and conditions of this AGREEMENT. For avoidance of doubt, **NEKTAR AL acknowledges and agrees the work being performed by BAXTER pursuant to the BAXTER Research Plan attached as Exhibit 1**

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shall not be considered as being performed under this AGREEMENT, provided that BAXTER does not use any NEKTAR AL MATERIALS or any CONFIDENTIAL INFORMATION of NEKTAR AL in the performance of such work. BAXTER hereby represents and warrants that the subject matter contained in the U.S. provisional patent applications within the BAXTER VWF PATENTS relating to PEGYLATED VON WILLEBRAND'S FACTOR that was shown to NEKTAR AL prior to the EFFECTIVE DATE is the most expansive embodiment of the work performed by BAXTER relating to PEGYLATED VON WILLEBRAND'S FACTOR prior to the EFFECTIVE DATE*.

2.4.2 BAXTER MATERIALS. Any samples of **recombinant FACTOR VII***, FACTOR VIII **or VON WILLEBRAND'S FACTOR molecules*** provided by BAXTER to NEKTAR AL (collectively, the "BAXTER MATERIALS") are owned exclusively by BAXTER and provided solely for the development of CONJUGATES and REAGENTS to extend the half-life of a THERAPEUTIC AGENT in conjunction with the RESEARCH PLAN, and for no other purpose. Without limitation, NEKTAR AL will not:

(i) **attempt to reverse engineer or design around any BAXTER MATERIALS***;

(ii) **use any BAXTER MATERIALS or any derivative products thereof in humans***;

(iii) **chemically analyze or chemically modify the structure of any BAXTER MATERIALS (including, without limitation, by performing tests such as HPLC, gas chromatography or x-ray crystallography)***;

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(iv) **use any BAXTER MATERIALS for any purpose***; or

(v) **modify, adapt or create derivatives of any BAXTER MATERIALS***,

except in each case, to extend the half-life of a THERAPEUTIC AGENT in conjunction with the RESEARCH PLAN.

2.5 HANDLING. The PARTIES understand and agree the BAXTER MATERIALS and NEKTAR AL MATERIALS may have unpredictable and unknown biological and/or chemical properties and that they are to be handled and used with caution. The PARTIES will handle and use such materials and conduct their respective activities under the RESEARCH PLAN in compliance with all applicable LAWS. Each PARTY will maintain reasonable security measures, no less strict than it maintains to protect its own valuable tangible property, to protect the other PARTY'S materials against loss, theft or destruction. Other than in connection with the performance of its obligations under this AGREEMENT, neither PARTY will sell, lease, license, copy, transfer, disclose or otherwise provide access to the other PARTY's materials to any person, entity or location without the prior written consent of the other PARTY, such consent not to be unreasonably withheld or delayed. This provision shall not prevent BAXTER from sublicensing (to the extent provided for in Article 4) or outsourcing some or all if its research or development activities. In such case, BAXTER shall require any SUBLICENSEE or THIRD PARTY performing such obligations to be bound by similar security, handling, confidentiality and assignment of INVENTIONS obligations as are set forth in this AGREEMENT, including without limitation, under Sections 2.4.1, 2.5 and 4.4 and Articles 11 and 16.

2.6 SELECTION OF POTENTIAL PRODUCTS AND **TECHNOLOGY TRANSFER***. The RESEARCH COMMITTEE shall select POTENTIAL

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PRODUCT(S) from the CONJUGATES and SELECTED REAGENTS provided by NEKTAR AL and, following such selection, **NEKTAR AL shall transfer to BAXTER technology for the purposes of enabling BAXTER to form POTENTIAL PRODUCTS by attaching the SELECTED REAGENTS to THERAPEUTIC AGENTS by means of PEGYLATION. In connection with this technology transfer, NEKTAR AL will provide BAXTER with a description of the synthetic and analytical methods for POTENTIAL PRODUCTS, and will assist in the technical transfer of such synthetic and analytical methods at the laboratory scale used in the RESEARCH PLAN. Such technical transfer will be deemed successfully completed when (i) chemistry and purification procedures for the POTENTIAL PRODUCT that have been carried out by NEKTAR AL are reproduced three times by BAXTER in accordance with NEKTAR AL protocols and at the same batch size, subject to a +/- 10% variability in yields, in-process tests and impurity levels, and (ii) NEKTAR AL has transferred to BAXTER a qualified method (RP or GPC chromatography, protein content analysis) and BAXTER is able to repeat such NEKTAR AL method, using similar equipment and reference standards, with the same accuracy, precision and ruggedness as NEKTAR AL, as demonstrated by the testing of three (3) lots of crude and/or purified sample(s) of POTENTIAL PRODUCT simultaneously at both NEKTAR AL and BAXTER locations, with the results thereof being within a +/- 10% variability (for example, each PARTY's resulting RSD values are within 5-10%). BAXTER shall attempt the first reproduction of such methods within one (1) month of receipt of NEKTAR AL'S transfer of the technology enabling BAXTER to form POTENTIAL PRODUCTS by attaching SELECTED REAGENTS to THERAPEUTIC AGENTS by means of PEGYLATION. Provided NEKTAR has provided BAXTER with sufficient quantities of SELECTED REAGENT to perform the reproductions**

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contemplated by this Section 2.6, if BAXTER fails to attempt to reproduce such methods three or more times within four (4) months of such date, then the three lot/batch minimum reproduction requirement shall be deemed waived*.

2.7 DISCLAIMER OF WARRANTY WITH RESPECT TO BAXTER MATERIALS. BAXTER HEREBY ACKNOWLEDGES THE EXPERIMENTAL NATURE OF THE RESEARCH AND THAT NEKTAR AL CANNOT GUARANTEE OR PROVIDE ANY WARRANTIES REGARDING THE QUANTITY OF BAXTER MATERIALS REQUIRED TO CONDUCT THE RESEARCH OR TO BE CONSUMED IN THE PERFORMANCE OF THE RESEARCH. EXCEPT IN THE CASE OF NEKTAR AL'S NEGLIGENCE OR WILLFUL MISCONDUCT, NEKTAR AL SHALL NOT BE LIABLE FOR ANY DAMAGES OR LOSSES SUFFERED BY BAXTER ARISING FROM THE USE, CONSUMPTION OR LOSS OF BAXTER MATERIALS IN THE PERFORMANCE OF THE RESEARCH PURSUANT TO THIS AGREEMENT.

3. GOVERNANCE

3.1 JOINT STEERING COMMITTEE. To facilitate communication between the PARTIES, implement the RESEARCH PLAN and oversee development of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS (all during the TERM), the PARTIES shall appoint a JOINT STEERING COMMITTEE consisting of **three (3)*** representatives from each of NEKTAR AL and BAXTER. The initial representatives are:

BAXTER: **VP, Research & Development, BioScience; VP, Manufacturing, BioScience; VP, Commercial/Marketing, BioScience***

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NEKTAR AL: **VP, Research & Development; VP, Manufacturing; VP Commercial/Marketing***

and the initial meeting of the JOINT STEERING COMMITTEE shall take place no later than **thirty (30) days*** after the EFFECTIVE DATE. Each PARTY may replace its representatives on the JOINT STEERING COMMITTEE by prior written notice to the other PARTY. The JOINT STEERING COMMITTEE shall supervise the activities of the RESEARCH COMMITTEE and the DEVELOPMENT AND PRODUCTION COMMITTEE; resolve issues referred by members of the RESEARCH COMMITTEE and the DEVELOPMENT AND PRODUCTION COMMITTEE; make strategic decisions related to research and development activities in connection with POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS; review the progress of research and development activities in connection with POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS with respect to BAXTER's progress in pre-clinical studies, clinical trials, and meeting the Development Diligence Timeline set forth in Schedule IV; and review progress in seeking MARKETING AUTHORIZATIONS. The JOINT STEERING COMMITTEE shall also be responsible for sharing certain data and information relating to the PARTIES' respective research and development, manufacturing and commercialization activities in connection with the POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS, which data and information shall include, without limitation, the following: (i) any delays in meeting the Development Diligence milestone dates set forth in Schedule IV; (ii) any failure in any pre-clinical or clinical trials; (iii) any termination of active development of any POTENTIAL PRODUCT or SELECTED REAGENT; (iv) commencing any clinical trial and completing any clinical trial; and (v) summary data demonstrating whether the milestone success criteria set forth in Schedule II (including endpoints) have been met. **BAXTER will share the performance**

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data of the native therapeutic protein with NEKTAR AL for purposes of comparing that data against performance of the PEGYLATED THERAPEUTIC AGENT. For clarity, BAXTER shall not be obligated to share any non-PEG related data or information other than data or information related to the un-PEGYLATED THERAPEUTIC AGENT or any data or information in violation of any other contractual or confidentiality obligations*.

The JOINT STEERING COMMITTEE shall meet at such times and places, in person or by telephone conferencing, web-conferencing, video conferencing or other electronic communication, as it shall determine to carry out its responsibilities. The JOINT STEERING COMMITTEE shall operate **by consensus with representatives of NEKTAR AL having one collective vote and representatives of BAXTER having one collective vote***. If a dispute arises regarding matters within the scope of responsibilities of the JOINT STEERING COMMITTEE (other than disputes referred to the JOINT STEERING COMMITTEE by the RESEARCH COMMITTEE for resolution in accordance with Section 3.2), and the JOINT STEERING COMMITTEE fails to reach a consensus on its resolution **within thirty (30) days of when the dispute was presented to the JOINT STEERING COMMITTEE***, then the dispute shall be referred to the senior management representatives of each PARTY. For purposes of the JOINT STEERING COMMITTEE, BAXTER'S senior management representative shall be its **President of BioScience and head of BioScience business development, and NEKTAR AL'S senior management representative shall be its Chief Executive Officer and Senior Vice President***.

The PARTIES to the JOINT STEERING COMMITTEE shall create a SCIENTIFIC AND TECHNICAL ADVISORY BOARD for the purpose of reviewing results and decisions occurring from the development of a

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POTENTIAL PRODUCT. The SCIENTIFIC AND TECHNICAL ADVISORY BOARD shall consist of **recognized experts not employed or otherwise compensated for other purposes by either of the two PARTIES (the "SCIENTIFIC ADVISORS"). In addition, the SCIENTIFIC ADVISORS shall not be affiliated with key competitors of either PARTY and each PARTY shall consent to the members selected by the other PARTY, which consent shall not be unreasonably withheld. The number of SCIENTIFIC ADVISORS assigned by each party may not exceed three (3) and they should be consultants to, and compensated by, the respective PARTY that appointed such SCIENTIFIC ADVISOR***. The SCIENTIFIC AND TECHNICAL ADVISORY BOARD should bring their expertise to support matters referred to it by the RESEARCH COMMITTEE or the DEVELOPMENT AND PRODUCTION COMMITTEE. Any representative on the RESEARCH COMMITTEE or the DEVELOPMENT AND PRODUCTION COMMITTEE may refer matters to the SCIENTIFIC AND TECHNICAL ADVISORY BOARD for its input and advice. The input and advice of the SCIENTIFIC AND TECHNICAL ADVISORY BOARD shall be for informational purposes only and shall not be binding on the PARTIES.

3.2 RESEARCH COMMITTEE. The RESEARCH COMMITTEE shall be comprised of appropriate representatives of both PARTIES, initially consisting of **three (3)*** representatives from each of NEKTAR AL and BAXTER. Each PARTY shall appoint a RESEARCH PLAN team leader (and other key contacts, as necessary) to serve as principal RESEARCH COMMITTEE liaisons for the PARTIES. Employees of each PARTY who are not on the RESEARCH COMMITTEE may attend meetings of the RESEARCH COMMITTEE, as required to further the research and development of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS. The initial team leader and PARTY representatives are:

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BAXTER: (1) **Peter Turecek, Ph.D., Senior Director, Preclinical RSD (Team Leader); (2) Katalin Vivadi, Ph.D., Senior Manager, Preclinical Characterization; and (3) Fritz Scheiflinger, Senior Director, Research***

NEKTAR AL: (1) **Scott Ogg, Ph.D. (Team Leader); (2) Mary Bossard Ph.D.; and (3) Tacey Viegas, Ph.D.***

Any representative of the RESEARCH COMMITTEE may designate another individual from such representative's PARTY to attend a meeting of the RESEARCH COMMITTEE in his or her place. In such case, the representative shall notify the other PARTY's representative in writing prior to the applicable meeting.

The RESEARCH COMMITTEE shall plan and manage the research and development activities to be conducted in connection with CONJUGATES, POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS and to facilitate communication on research and development issues between the PARTIES. The RESEARCH COMMITTEE shall also be responsible for the sharing of certain data relating to the PARTIES' respective research and development activities in connection with the RESEARCH PLAN and data related to CONJUGATES and POTENTIAL PRODUCTS, including the results **from in vitro and in vivo testing described in the RESEARCH PLAN. BAXTER will share the performance data of the native therapeutic protein with NEKTAR AL for purposes of comparing that data against performance data of the PEGYLATED THERAPEUTIC AGENT. For clarity, BAXTER shall not be obligated to share any non-PEG related data or any data or information in violation of any other contractual or confidentiality obligations***.

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Modification to, and implementation of, the RESEARCH PLAN and other day-to-day research and development activities shall be managed by the RESEARCH COMMITTEE, subject to oversight by the JOINT STEERING COMMITTEE. The RESEARCH COMMITTEE shall meet no less frequently than **once a month*** in person, by teleconference, web-conference or video conference as agreed upon by the PARTIES.

Notwithstanding anything herein to the contrary, the RESEARCH COMMITTEE shall operate by consensus with representatives of NEKTAR AL having **one collective vote*** and representatives of BAXTER having **one collective vote***. In the event of any disagreements between the PARTIES' representatives at the RESEARCH COMMITTEE level (including, without limitation, with respect to selection of a SELECTED REAGENT), the disagreement shall be referred to the JOINT STEERING COMMITTEE for resolution and, if the JOINT STEERING COMMITTEE is unable to resolve the disagreement within **thirty (30) days*** after the matter is referred to the JOINT STEERING COMMITTEE, **BAXTER shall have the deciding vote***.

In order to enable NEKTAR AL to plan its **staffing/FTE needs*** beyond those already contemplated by the RESEARCH PLAN, the RESEARCH COMMITTEE shall notify NEKTAR AL in writing no less than **six (6) months*** in advance of any additional requirements for REAGENTS (including SELECTED REAGENTS) and CONJUGATES that are to be developed under the RESEARCH PLAN, or the conduct of studies or the performance of other related services under the RESEARCH PLAN.

3.3 DEVELOPMENT AND PRODUCTION COMMITTEE. Within **thirty (30) days*** after a POTENTIAL PRODUCT has been selected by the RESEARCH COMMITTEE, the JOINT STEERING COMMITTEE shall appoint a

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DEVELOPMENT AND PRODUCTION COMMITTEE to plan and manage the manufacturing and supply activities to be performed under this AGREEMENT with respect to the SELECTED REAGENT for such POTENTIAL PRODUCT, and facilitate communication between the PARTIES during such time as NEKTAR AL supplies BAXTER with such SELECTED REAGENT hereunder. The DEVELOPMENT AND PRODUCTION COMMITTEE shall be responsible for discussing in good faith and agreeing on issues relating to forecasting and contingency planning. The DEVELOPMENT AND PRODUCTION COMMITTEE shall operate by consensus with representatives of NEKTAR AL having **one collective vote*** and representatives of BAXTER having **one collective vote***. In the event of any disagreements between the PARTIES' representatives at the DEVELOPMENT AND PRODUCTION COMMITTEE level, the disagreement shall first be referred to the JOINT STEERING COMMITTEE for resolution. If the disagreement is not resolved by the JOINT STEERING COMMITTEE within **thirty (30) days*** after the matter is referred to it for resolution, then the matter shall be referred to the senior management representatives of each PARTY for resolution, which senior management representatives shall be for Baxter **its President of BioScience and head of BioScience business development*** and for NEKTAR AL **its Chief Executive Officer and Senior Vice President***.

3.4 AMENDMENT; WAIVER. Notwithstanding anything to the contrary herein, neither the JOINT STEERING COMMITTEE, the RESEARCH COMMITTEE nor the DEVELOPMENT AND PRODUCTION COMMITTEE shall have the right or power to amend the terms of this AGREEMENT or waive rights or obligations of the PARTIES hereunder, or take any action that would conflict with any provision of this AGREEMENT, the SUPPLY AGREEMENT or a QUALITY AGREEMENT.

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4. LICENSES TO NEKTAR AL LICENSED TECHNOLOGY AND BAXTER TECHNOLOGY

4.1 LICENSE TO BAXTER. Subject to the terms and conditions of this AGREEMENT, NEKTAR AL hereby grants to BAXTER a worldwide, exclusive, royalty-bearing license, with the right to grant sublicenses as provided in Section 4.2, under the NEKTAR AL LICENSED TECHNOLOGY to develop, make, have made, import, export, use, sell, offer for sale and have sold POTENTIAL PRODUCTS and COMMERCIAL PRODUCT(S) in the FIELD. For clarity, **except as otherwise expressly provided for in Schedule V, the foregoing license does not include a license under any NEKTAR AL LICENSED TECHNOLOGY to make or have made any NEKTAR PROPRIETARY REAGENT, including any SELECTED REAGENT***.

4.2 TERMS OF SUBLICENSE. The terms of each sublicense under the license granted to BAXTER in Section 4.1 of this AGREEMENT shall provide that any SUBLICENSEE shall be subject to and consistent with the terms and conditions of this AGREEMENT; provided, however, that:

(i) All royalties or other amounts due to NEKTAR AL with respect to such SUBLICENSEE'S development and/or commercialization of POTENTIAL PRODUCT or COMMERCIAL PRODUCT shall be collected by BAXTER and transmitted to NEKTAR AL in accordance with the payment terms set forth in Article 9;

(ii) BAXTER'S grant of any sublicense shall not relieve BAXTER from any of its obligations under this AGREEMENT; and

(iii) BAXTER shall remain jointly and severally liable for any breach of a sublicense by a SUBLICENSEE.

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Notwithstanding the foregoing, **BAXTER shall not grant a sublicense to a THIRD PARTY to develop or manufacture POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS that, at the time of the proposed grant of a sublicense, is engaged in the business of: (i) manufacturing REAGENTS; or (ii) attaching REAGENTS to pharmaceutical or biotechnology products, including licensing intellectual property rights or technology pertaining to attachment of REAGENTS to pharmaceutical or biotechnology products, or providing services pertaining to attachment of REAGENTS to pharmaceutical or biotechnology products, without NEKTAR AL'S prior written consent. For clarity, this prohibition shall not apply to sublicenses for the marketing, sale or distribution of COMMERCIAL PRODUCTS***.

4.3 NEKTAR AL RESEARCH RIGHTS AND LIMITATIONS. Notwithstanding anything to the contrary in this AGREEMENT and without limiting any other retained rights, the license granted under Section 4.1 shall be subject to the retained right of NEKTAR AL and its AFFILIATES:

(i) to practice the NEKTAR AL LICENSED TECHNOLOGY for the conduct of research and development of products that it is developing itself;

(ii) to practice the NEKTAR AL LICENSED TECHNOLOGY for any purposes, including the research, development, manufacture and commercialization of products, whether itself or with or for others, outside of the FIELD;

(iii) to sell REAGENTS (including SELECTED REAGENTS) through NEKTAR AL'S "catalog" for research purposes (subject to the limitations set forth below); and

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(iv) to perform their respective obligations to THIRD PARTIES set forth in agreements existing as of the EFFECTIVE DATE, **provided that such agreements shall not explicitly or potentially involve THERAPEUTIC AGENTS except with respect to an agreement between NEKTAR AL with a THIRD PARTY existing as of the EFFECTIVE DATE under which NEKTAR AL has granted a worldwide, non-exclusive license under KNOW-HOW and PATENTS CONTROLLED by NEKTAR AL to make, have made, use, have used, sell and have sold any compound incorporating KNOW-HOW and PATENT RIGHTS owned or CONTROLLED by NEKTAR AL relating to any PEG derivative or related polyethers having at least one reactive group that is a Michael acceptor and is either homobifunctional, heterobifunctional or multifunctional in nature, of any molecular weight including, but not limited to, PEG-20K-bis-vinylsulfone and PEG-20K-bis-maleimide (plus or minus 3 kd) for the making, having made, using and selling of human therapeutics, diagnostics or prophylactics for all in vivo uses, pursuant to which agreement NEKTAR AL may be required to supply such compound***.

NEKTAR AL covenants that during the TERM, **its sales of PEG reagents through its catalog (the "CATALOG REAGENTS") to THIRD PARTY purchasers ("CATALOG PURCHASERS") shall be subject to the condition that CATALOG PURCHASERS shall use the CATALOG REAGENTS for laboratory research purposes and not for research in humans***. NEKTAR AL further covenants that during the TERM, **the CATALOG REAGENTS sold by NEKTAR AL to CATALOG PURCHASERS shall be unsuitable for use in humans and shall be labeled as such***.

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NEKTAR AL covenants that during the TERM, **it shall not knowingly sell CATALOG REAGENTS to CATALOG PURCHASERS, through NEKTAR AL's catalog sales, that are to be used to PEGYLATE a THERAPEUTIC AGENT for use in the FIELD***. BAXTER understands and agrees that neither NEKTAR AL nor its AFFILIATES will have an obligation to **inquire as to such use in connection with such sales, provided that upon NEKTAR AL or its AFFILIATES learning of such use, NEKTAR AL or its AFFILIATES shall immediately cease to sell CATALOG REAGENTS to such CATALOG PURCHASERS***.

For clarification, nothing in this Agreement, including any retained rights of NEKTAR AL and its AFFILIATES, grants NEKTAR AL or its AFFILIATES any rights under BAXTER PATENT RIGHTS, **including specifically any rights under or to BAXTER VWF PATENTS***, other than for the purposes of performing any obligations under this AGREEMENT, including, without limitation, NEKTAR AL's obligations under the RESEARCH PLAN, for the research and development for BAXTER of CONJUGATES, POTENTIAL PRODUCTS OR COMMERCIAL PRODUCTS.

4.4 NO IMPLIED RIGHTS OR LICENSES. Neither PARTY grants to the other any rights or licenses, including to any BAXTER PATENT RIGHTS or BAXTER KNOW HOW, or NEKTAR AL PATENT RIGHTS or NEKTAR AL KNOW HOW or other intellectual property rights, whether by implication, estoppel or otherwise, except to the extent expressly provided for under this AGREEMENT. Other than as expressly provided for herein, neither BAXTER nor its AFFILIATES, SUBLICENSEES or its or their contractors, may **(i) develop, make, have made, use, sell, offer for sale or import SELECTED REAGENTS or (ii) copy, distribute, reverse engineer (by way of example but not limitation, by performing tests such as HPLC, gas chromatography or x-ray**

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crystallography), sell, lease, license or otherwise transfer, modify, adapt or create derivatives of SELECTED REAGENTS*.

4.5 LICENSE TO NEKTAR AL. BAXTER hereby grants to NEKTAR AL a non-exclusive, non-sublicensable, non-assignable, non-transferable, worldwide, royalty-free license, under BAXTER KNOW-HOW and BAXTER PATENT RIGHTS, and the NEKTAR AL LICENSED TECHNOLOGY that is licensed exclusively to BAXTER hereunder, for the sole purpose of performing NEKTAR AL's obligations under this AGREEMENT, including the RESEARCH PLAN. This provision shall not prevent NEKTAR AL from **outsourcing the research, development or manufacturing activities identified in Schedule VII. All other such activities shall not be outsourced by NEKTAR AL without obtaining BAXTER's prior written consent***. BAXTER shall respond within **thirty (30) days*** of receipt of such a request by NEKTAR AL. **If NEKTAR AL outsources any of its research, development or manufacturing activities as permitted in this Section 4.5, NEKTAR AL shall require any THIRD PARTY performing such activities to be bound by similar security, handling, confidentiality and assignment of INVENTIONS obligations as are set forth in this AGREEMENT, including without limitation, under Sections 2.4.2 and 2.5 and Articles 11 and 16***.

4.6 MUTUAL COVENANT. Each PARTY covenants and agrees that it and its AFFILIATES shall not use or practice the intellectual property rights licensed under this AGREEMENT except as expressly permitted by this AGREEMENT. Any use or practice of the intellectual property rights licensed under this AGREEMENT except as expressly permitted by this AGREEMENT that results in material harm to the other PARTY shall constitute a material breach of this AGREEMENT. Each PARTY covenants and agrees to cease any non-permitted use and to take all actions necessary to assign to the other PARTY any inventions

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made through use or practice of such PARTY'S intellectual property rights outside the scope of the license rights granted hereunder.

5. MANUFACTURE AND SUPPLY OF SELECTED REAGENTS

5.1 **EXCLUSIVITY***. NEKTAR AL shall manufacture and supply and BAXTER shall purchase from NEKTAR AL, **one hundred percent (100%)*** of BAXTER'S and BAXTER'S AFFILIATES' and SUBLICENSEES' requirements of SELECTED REAGENTS, for the sole purpose of developing and manufacturing POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS pursuant to the license granted hereunder.

5.2 SUPPLY PRIOR TO PIVOTAL TRIAL/SUPPLY AGREEMENT.

(i) FORECAST. No later than **thirty (30) days*** after selection of a POTENTIAL PRODUCT by the RESEARCH COMMITTEE, BAXTER shall provide NEKTAR AL with a **six (6) quarter non-binding*** rolling forecast of its estimated requirements of the SELECTED REAGENT for such POTENTIAL PRODUCT for research, pre-clinical development and clinical development. BAXTER shall update such estimated forecast within thirty (30) days following the start of each calendar quarter. BAXTER shall issue purchase orders to NEKTAR AL **no less than two (2) months and no more than five (5) months*** prior to the start of the calendar quarter (such time period to be negotiated by the PARTIES in good faith after the applicable SELECTED REAGENT is selected by the RESEARCH COMMITTEE) during which BAXTER wishes to receive supplies of SELECTED REAGENT for use in pre-clinical and Phase 1 and Phase 2 clinical development, until such time as the PARTIES execute the SUPPLY AGREEMENT.

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(ii) PRICE. The price of each SELECTED REAGENT shall be the PURCHASE PRICE, as set forth in Section 8.6.1.

(iii) DELIVERY AND SHIPMENT; TITLE AND RISK OF LOSS. NEKTAR AL shall deliver all SELECTED REAGENT to BAXTER, and **title to and risk of loss of each quantity of SELECTED REAGENT so delivered shall pass to BAXTER, Ex Works (Incoterms 2000) NEKTAR AL'S manufacturing or storage facilities, and BAXTER shall bear all costs and expenses of packaging, storage, shipping, customs, duties, taxes, freight and insurance charges associated with shipments of SELECTED REAGENT***.

5.3 PIVOTAL TRIAL AND COMMERCIAL PRODUCT SUPPLY AGREEMENT. At least **one hundred eighty (180) days*** prior to the anticipated date of commencement of the first PIVOTAL TRIAL for a POTENTIAL PRODUCT, the parties shall negotiate and execute a SUPPLY AGREEMENT for the manufacture and supply of SELECTED REAGENT for such POTENTIAL PRODUCT. The SUPPLY AGREEMENT shall be negotiated in good faith after the PARTIES have gained insight into the attributes of the SELECTED REAGENT, including quality requirements, testing requirements, production cycles and production costs. For purposes of this AGREEMENT, commencement of a clinical trial shall be deemed to occur on the date on which POTENTIAL PRODUCT is first administered to the first patient or subject in such trial.

The SUPPLY AGREEMENT shall include the essential terms and conditions set forth in Schedule V and such other terms and conditions that are usual and customary for agreements of this type.

6. SPECIFICATIONS AND MANUFACTURING WARRANTY FOR SELECTED REAGENTS

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6.1 SPECIFICATIONS. The SPECIFICATIONS for SELECTED REAGENTS to be supplied pursuant to Article 5 will be set forth in the applicable QUALITY AGREEMENT. Any modifications of the SPECIFICATIONS shall require prior written approval of BAXTER and NEKTAR AL, not to be unreasonably withheld or delayed. Prior to entering into the SUPPLY AGREEMENT, BAXTER shall reimburse NEKTAR AL for its reasonable costs associated with implementing any agreed upon modifications to the SPECIFICATIONS, including without limitation any increases in MANUFACTURING COSTS. NEKTAR AL shall be responsible for any changes to SPECIFICATIONS initiated by NEKTAR AL to accommodate its business needs that do not directly relate to the development or improvement of SELECTED REAGENTS. For clarity, a change in regulatory requirements that is unique to a SELECTED REAGENT is not a NEKTAR AL business need. For example, if NEKTAR AL requests relocating the SELECTED REAGENT manufacturing operations from Alabama to California to accommodate the closure of its Alabama facility, NEKTAR AL shall be responsible for all costs related to such relocation.

6.2 COMPLIANCE AUDITS. BAXTER will have the right to perform compliance/quality audits, as set forth in the QUALITY AGREEMENTS.

6.3 WARRANTY. NEKTAR AL warrants that each shipment of SELECTED REAGENT shall, upon delivery, be in compliance/conformity with:

(i) All applicable SPECIFICATIONS,

(ii) The applicable QUALITY AGREEMENT, and

(iii) ICH Q7A GUIDELINES and LAWS, as they apply to critical raw materials, in each case with respect to those SELECTED REAGENTS used

in the manufacture of (a) POTENTIAL PRODUCTS for human clinical trials and (b) for COMMERCIAL PRODUCTS.

SELECTED REAGENTS that do not meet the foregoing warranties shall be deemed "NONCONFORMING REAGENTS" for the purposes hereof.

6.4 DISCLAIMER OF WARRANTY.

6.4.1 EXCEPT AS PROVIDED IN SECTION 6.3, NEKTAR AL PROVIDES NO WARRANTIES, EXPRESS OR IMPLIED, REGARDING ANY SELECTED REAGENT, POTENTIAL PRODUCT OR COMMERCIAL PRODUCT, OR NEKTAR AL LICENSED TECHNOLOGY, AND HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. BAXTER ACKNOWLEDGES THAT NEKTAR AL CANNOT GUARANTEE THE SAFETY, NON-TOXICITY, FITNESS OR EFFICACY OF SELECTED REAGENTS, POTENTIAL PRODUCTS OR COMMERCIAL PRODUCTS, AND BAXTER ACCEPTS ANY AND ALL RISK RESULTING FROM ITS USE OF CONJUGATES, REAGENTS, SELECTED REAGENTS, POTENTIAL PRODUCTS OR COMMERCIAL PRODUCTS.

6.4.2 EXCEPT AS PROVIDED IN SECTION 6.3, NEITHER PARTY PROVIDES ANY WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE RESEARCH PLAN OR ANY REAGENT, CONJUGATE, PRODUCT (INCLUDING THE SUCCESSFUL DEVELOPMENT, REGISTRATION, MANUFACTURE OR COMMERCIALIZATION OF ANY POTENTIAL PRODUCT) OR

DELIVERABLE PROVIDED PURSUANT TO THE RESEARCH PLAN, AND EACH PARTY DISCLAIMS ALL EXPRESS AND IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. FOR CLARITY, THE FOREGOING SHALL NOT DIMINISH NEKTAR AL'S OBLIGATIONS PURSUANT TO SECTION 15.1.1.

7. EXCLUSIVITY; **COVENANT NOT TO COMPETE***

7.1 NEKTAR AL. In consideration of the MILESTONES, royalties and other consideration set forth herein, NEKTAR AL agrees to partner exclusively with BAXTER in the FIELD. Specifically, during the TERM, other than as provided for in this AGREEMENT or under the RESEARCH PLAN, **NEKTAR AL will not directly or indirectly, alone or in conjunction with any THIRD PARTY, perform services for, develop with, consult with, license to or commercialize, any NEKTAR AL LICENSED TECHNOLOGY in the FIELD, anywhere in the TERRITORY. The TERRITORY shall include any place inside or outside the United States (it being understood by the PARTIES hereto that the prohibited activities are not limited to any particular region because such business has been conducted by NEKTAR AL throughout and outside the United States and the prohibited activities may be engaged in effectively from any location in or outside of the United States)***.

Nothing set forth in this Section 7.1 shall prohibit NEKTAR AL from owning not in excess of 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 on the NASDAQ national market system or the NASDAQ Small Cap Market.

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7.2 BAXTER. For good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by BAXTER), BAXTER agrees to partner exclusively with NEKTAR AL in the FIELD. Specifically, during the TERM, **neither BAXTER nor its AFFILIATES or SUBLICENSEES will carry out activities in the FIELD other than as provided for in this AGREEMENT or under the RESEARCH PLAN, anywhere in the TERRITORY; excepting completing the BAXTER Research Plan outlined in Exhibit 1. BAXTER further agrees that if it or an AFFILIATE or SUB-LICENSEE pursues itself or with a THIRD PARTY the development, manufacture or commercialization of a POTENTIAL PRODUCT or a COMMERCIAL PRODUCT utilizing the technology described in Point 3 of the BAXTER Research Plan outlined in Exhibit 1 (that is, for clarity, uses the LDL technology), directly or indirectly, BAXTER or an AFFILIATE or SUB-LICENSEE will carry-out such development, manufacture or commercialization only with a NEKTAR PROPRIETARY REAGENT and not any other PEG reagent. The TERRITORY shall include any place inside or outside the United States (it being understood by the PARTIES hereto that the prohibited activities are not limited to any particular region because such business has been conducted by BAXTER throughout and outside the United States and the prohibited activities may be engaged in effectively from any location in or outside of the United States)***.

NEKTAR AL acknowledges that, **in addition to completing the BAXTER Research Plan outlined in Exhibit 1, which includes PEGYLATION, BAXTER is pursuing other non-PEGYLATION methods and technologies (alone and in conjunction with others) to extend the half-life of FACTOR VIII***.

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Nothing set forth in this Section 7.2 shall prohibit BAXTER from owning not in excess of 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 on the NASDAQ national market system or the NASDAQ Small Cap Market.

In the event that the provisions of Sections 7.1 or 7.2 should ever be deemed to exceed the limitation provided by applicable law, then the PARTIES agree that such provisions shall be reformed to set forth the maximum limitations permitted.

8. QUALITY AND COMPLAINTS

8.1 ANALYSIS. After the RESEARCH COMMITTEE'S designation of a POTENTIAL PRODUCT or a SELECTED REAGENT, the PARTIES shall cooperate and work in good faith to establish written evaluation procedures and evaluation time lines in which to analyze shipments of SELECTED REAGENTS and verify SELECTED REAGENT quality (including meeting SPECIFICATIONS) using methods consistent with test procedures set forth in the applicable QUALITY AGREEMENT. In the event the PARTIES are not able to agree upon such procedures and timelines within **six (6) months*** prior to the first PHASE 1 CLINICAL TRIAL of such POTENTIAL PRODUCT, (i) the matter shall first be referred to the DEVELOPMENT AND PRODUCTION COMMITTEE for resolution in accordance with Section 3.3; (ii) if within **thirty (30) days*** the DEVELOPMENT AND PRODUCTION COMMITTEE is unable to reach resolution, either PARTY may elect to have a mutually acceptable laboratory or consultant establish such procedures and time lines, whose determination thereof shall be binding; and (iii) if within **fifteen (15) days*** the PARTIES are unable to select a mutually acceptable laboratory or consultant, each PARTY shall select an independent consultant within **ten (10) days*** and such consultants shall within **fifteen (15) days*** thereof select a mutually acceptable

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laboratory or consultant to establish such time lines and procedures, whose determination thereof shall be binding.

8.2 ACCEPTANCE AND REJECTION. BAXTER shall notify NEKTAR AL in writing if BAXTER believes that a shipment of SELECTED REAGENT does not comply with the testing criteria identified pursuant to Section 8.1 above within **sixty (60) days*** after BAXTER'S receipt of the relevant shipment of SELECTED REAGENT at BAXTER'S designated destination facility ("NOTICE OF NON-CONFORMITY"), which notice shall include the basis for its assertion of such noncompliance (including, at NEKTAR AL'S request, supporting data) for purposes of consideration and verification by NEKTAR AL. Unless otherwise set forth in the SUPPLY AGREEMENT for the applicable SELECTED REAGENT, if no such written NOTICE OF NON-CONFORMITY is received by NEKTAR AL within the above **sixty (60) day*** period, BAXTER shall be deemed to have accepted the applicable shipment of SELECTED REAGENT as meeting SPECIFICATIONS and any other quality requirements which were verified using the agreed-upon evaluation procedures set forth in the QUALITY AGREEMENT, which shall thereafter conclusively be presumed to meet the SPECIFICATIONS and such quality requirements. If NEKTAR AL receives such NOTICE OF NON-CONFORMITY within such **sixty (60) day*** period, then NEKTAR AL will evaluate BAXTER'S NOTICE OF NON-CONFORMITY within **fourteen (14) days*** of receipt thereof and provide a written response ("RESPONSE TO NOTICE OF NON-CONFORMITY"). If NEKTAR AL fails to provide to BAXTER a RESPONSE TO NOTICE OF NON-CONFORMITY within the **fourteen (14) day*** period, then NEKTAR AL shall be deemed to have accepted BAXTER'S conclusion that the SELECTED REAGENTS are non-conforming and waived its right to object to such conclusion.

If NEKTAR AL disagrees with such NOTICE OF NON-CONFORMITY, then (i) the matter shall first be referred to the DEVELOPMENT AND PRODUCTION COMMITTEE for resolution in accordance with Section 3.3; (ii) if the DEVELOPMENT AND PRODUCTION COMMITTEE is not able to agree on such matter within **thirty (30) days***, SELECTED REAGENT samples or documentation will be supplied to a mutually acceptable laboratory or consultant for resolution, whose determination of conformity or non-conformity shall be binding; provided that in the event the PARTIES do not select a mutually acceptable laboratory or consultant within **fifteen (15) days***, each PARTY shall select an independent testing consultant within **ten (10) days*** and such consultants shall select a mutually acceptable or laboratory within **fifteen (15) days*** thereof. If the SELECTED REAGENT is determined to be non-conforming, then **NEKTAR AL shall bear the costs of such laboratory or consultant***. If the SELECTED REAGENT is determined to be conforming, then **BAXTER shall bear the costs of such laboratory or consultant***.

8.3 REPLACEMENT OF NONCONFORMING REAGENT. NEKTAR AL shall **at no additional cost to BAXTER***, supply BAXTER with a replacement quantity of SELECTED REAGENT in an amount equal to that which, pursuant to the agreed upon procedures set forth herein and in the applicable QUALITY AGREEMENT, is determined to be NONCONFORMING REAGENT. **At NEKTAR AL'S request and expense***, BAXTER shall promptly return all NONCONFORMING REAGENT to NEKTAR AL. Unless otherwise specified in the applicable SUPPLY AGREEMENT, such replacement shipment shall be made within a reasonable period of time not to exceed **five (5) months***, which period of time shall be agreed upon once the "production cycle time" for the applicable SELECTED REAGENT has been established.

8.4 LIABILITY TO BAXTER FOR NONCONFORMING REAGENT.

8.4.1 NONCONFORMING REAGENT DETECTABLE BY TESTING. With respect to SELECTED REAGENT that was determined to be NONCONFORMING REAGENT through testing in accordance with the agreed-upon evaluation procedures for the applicable SELECTED REAGENT established pursuant to Section 8.1 and the applicable QUALITY AGREEMENT and for which BAXTER gave to NEKTAR AL a NOTICE OF NONCONFORMITY in accordance with the requirements of Section 8.2, **NEKTAR AL's sole liability to BAXTER and BAXTER'S exclusive remedy with respect to such NONCONFORMING REAGENT shall be replacement of NONCONFORMING REAGENT under Section 8.3***. For clarity, if BAXTER does not comply with the procedures set forth in Section 8.2 with respect to SELECTED REAGENT and BAXTER could reasonably have detected that such SELECTED REAGENT was NONCONFORMING REAGENT through testing in accordance with the agreed-upon evaluation procedures for the applicable SELECTED REAGENT established pursuant to Section 8.1 and the applicable QUALITY AGREEMENT, or if BAXTER otherwise failed to comply with the notice requirements in Section 8.2 for NONCONFORMING REAGENT, **NEKTAR AL shall have no liability whatsoever to BAXTER with respect to such NONCONFORMING REAGENT***.

8.4.2 NONCONFORMING REAGENT NOT DETECTABLE BY TESTING. With respect to (a) NEKTAR AL'S negligence or willful misconduct regarding SELECTED REAGENT or (b) SELECTED REAGENT that is NONCONFORMING REAGENT because of breaches of the warranties set forth in Sections 6.3(ii) or (iii) that could not reasonably have been detected through testing in accordance with the agreed-upon evaluation

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procedures for the applicable SELECTED REAGENT established pursuant to Section 8.1 and the applicable QUALITY AGREEMENT, **NEKTAR AL shall be liable for BAXTER's out-of-pocket losses and damages (including losses and damages resulting from product recalls) to the extent resulting from such breaches of warranty or NEKTAR AL's negligence or willful misconduct, subject to the limitations and exclusions set forth in Article 14. Such liability shall be in addition to NEKTAR AL'S liability to indemnify BAXTER for third-party liability in accordance with Section 15.1.1***.

8.5 [INTENTIONALLY OMITTED.]

8.6 FEES FOR MANUFACTURING AND SUPPLY OF SELECTED REAGENTS PRIOR TO PIVOTAL TRIAL.

8.6.1 From the date of selection of SELECTED REAGENT until the earlier of the date of commencement of a PIVOTAL TRIAL or the date on which the PARTIES enter into the SUPPLY AGREEMENT, BAXTER shall pay NEKTAR AL its MANUFACTURING COST plus **thirty percent (30%)*** for each SELECTED REAGENT supplied to BAXTER, **on a per gram basis*** ("PURCHASE PRICE"). BAXTER shall be entitled to audit such MANUFACTURING COST pursuant to Section 10.2.

8.6.2 In addition to the PURCHASE PRICE, BAXTER shall **also reimburse NEKTAR AL for fees incurred and services provided to BAXTER*** as described herein. **BAXTER shall have NEKTAR AL best customer status, meaning that BAXTER shall be billed for such fees and services at NEKTAR AL'S best customer fees and/or rates, which shall be approved by BAXTER in writing prior to NEKTAR AL commencing any such services***. To the extent available, NEKTAR AL

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shall **periodically update BAXTER on its best customer fees and provide BAXTER with copies of its fee schedules in advance. In general, such fees shall cover NEKTAR AL'S performance of those activities required for the development, scale-up and validation of the manufacture of SELECTED REAGENTS. Specifically, such fees shall cover, among other things:**

A. **analytical method development, analytical method validation, cleaning method validation, process development, process validation, reprocessing (subject to BAXTER's prior written approval, which may be withheld at BAXTER's sole discretion), supporting documentation including, but not limited to, the preparation, filing and maintenance of Drug Master Files and other regulatory filings;**

B. **NEKTAR AL'S generating and providing information or performing work pursuant to any governmental or regulatory agency requests for information or work (including any testing) regarding SELECTED REAGENTS or their manufacturing process;**

C. **installation, qualification and validation needed for SELECTED REAGENTS including scale-up; and**

D. **other services requested by BAXTER from time to time during the TERM***.

BAXTER **must approve any proposed expenditures in advance*** and NEKTAR AL shall provide invoices for such fees and services, as incurred. BAXTER shall also reimburse NEKTAR AL for NEKTAR

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AL'S reasonable pre-approved expenses incurred in connection with travel at BAXTER'S request.

BAXTER shall be entitled to audit such fees pursuant to Section 10.2. However, NEKTAR AL shall not be required to produce records that are not maintained in the normal course of business. For example, if NEKTAR AL **charges a flat fee of $2,000 for cleaning method validation, NEKTAR AL would be required to substantiate that it performed such validation and billed BAXTER at its best customer rate, and would not be required to substantiate its time or out-of-pocket expenses for such validation***.

8.6.3 BAXTER shall pay for or reimburse NEKTAR AL (as the case may be) for such **pre-approved*** services or expenses within **sixty (60) days*** after the date of NEKTAR AL'S invoice therefor. For clarity, BAXTER shall not be responsible for any fees, services, or travel that: (i) expand NEKTAR AL's capacity to develop or produce PEG reagents for other customers; or (ii) do not directly or uniquely relate to this AGREEMENT or otherwise directly benefit BAXTER.

9. MILESTONES; ROYALTY PAYMENTS; ROYALTY REPORTS

9.1 MILESTONE PAYMENTS. BAXTER shall pay to NEKTAR AL MILESTONES in accordance with and pursuant to the events described in Schedule II hereto for POTENTIAL PRODUCT and/or COMMERCIAL PRODUCT, as the case may be. Each such MILESTONE shall be payable at the time the corresponding event occurs, and due within **sixty (60) days*** of the event triggering such MILESTONE. All milestones payments shall not be advance payments against any royalties or other payments due and payable hereunder, but shall be in addition to any royalty or other payments due under this AGREEMENT. In the event BAXTER **makes a**

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payment to NEKTAR AL to extend a Development Diligence milestone date pursuant to Schedule IV, the MILESTONE payable following such extension shall be reduced by such amount*.

(i) SKIPPED MILESTONE EVENT. If, for whatever reason, a particular milestone activity or event for which a MILESTONE is due is not carried out, then in such case the MILESTONE that NEKTAR AL would have received upon the occurrence of such milestone event for the POTENTIAL PRODUCT or COMMERCIAL PRODUCT had the particular milestone event been carried out shall be paid **on the achievement of the next milestone event for which a MILESTONE is due, which payment shall be paid in addition to and not instead of the MILESTONE that is to be paid to NEKTAR AL upon the successful completion of the next milestone event**. For example, **if there is no PHASE 2 CLINICAL TRIAL for a POTENTIAL PRODUCT, then the MILESTONE which was otherwise due upon the successful completion of a PHASE 2 CLINICAL TRIAL for such POTENTIAL PRODUCT shall be paid by BAXTER upon the successful completion of the PIVOTAL TRIAL for such POTENTIAL PRODUCT, in addition to the MILESTONE that is due and payable for successful completion of such PIVOTAL TRIAL.**

(ii) **UNACHIEVED PHASE 2 AND PIVOTAL TRIAL MILESTONE EXCEPTIONS. If BAXTER conducts a PHASE 2 CLINICAL TRIAL of a POTENTIAL PRODUCT but the success criterion for a PHASE 2 MILESTONE (MILESTONE 9) for such POTENTIAL PRODUCT is not met and BAXTER gives written notice to the JOINT STEERING COMMITTEE that BAXTER will nonetheless commence a PIVOTAL TRIAL for such POTENTIAL PRODUCT, such notice will trigger**

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payment of the MILESTONE that was not paid to NEKTAR AL because the success criterion therefor was not met. For example, if upon completion of the first PHASE 2 CLINICAL TRIAL of a POTENTIAL PRODUCT the demonstrated biological half-life is twenty (20) hours (as opposed to greater than twenty-two (22) hours) and BAXTER nevertheless sends a notice to the JOINT STEERING COMMITTEE electing to proceed to a PIVOTAL TRIAL for such POTENTIAL PRODUCT, BAXTER shall pay the MILESTONE at such time. Similarly, if BAXTER conducts a PIVOTAL TRIAL of a POTENTIAL PRODUCT but the success criterion for a PIVOTAL TRIAL MILESTONE (MILESTONE 10) for such POTENTIAL PRODUCT is not met and BAXTER gives written notice to the JOINT STEERING COMMITTEE that BAXTER will nonetheless file to obtain MARKETING AUTHORIZATION for such POTENTIAL PRODUCT, such notice will trigger payment of the MILESTONE that was not paid to NEKTAR AL because the success criterion therefor was not met. BAXTER agrees that it shall be required to provide notice to the JOINT STEERING COMMITTEE before BAXTER may proceed with (a) a PIVOTAL TRIAL of a POTENTIAL PRODUCT in the event that the success criterion for a PHASE 2 MILESTONE for such POTENTIAL PRODUCT was not met, and (b) filing to obtain MARKETING AUTHORIZATION for a POTENTIAL PRODUCT in the event that the success criterion for a PIVOTAL TRIAL MILESTONE (MILESTONE 10) for such POTENTIAL PRODUCT was not met*.

(iii) NON-REFUNDABLE. Once a MILESTONE is due and payable hereunder or once a MILESTONE is paid, BAXTER shall not have any basis for

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claiming that such MILESTONE is not to be paid or is to be refunded (as the case may be). This provision shall not preclude BAXTER from seeking to recover damages from NEKTAR AL for the breach of this AGREEMENT.

(iv) MARKETING AUTHORIZATION OUTSIDE OF THE FIELD. For clarity BAXTER shall have no rights whatsoever with respect to the development, manufacture, use, sale or importation of POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS outside of the FIELD. For clarification, BAXTER shall **not be responsible for violating this provision in the event the purchasers of COMMERCIAL PRODUCT use the same outside the FIELD (i.e., off-label use)***. If BAXTER desires to develop, manufacture, have manufactured, use, sell, offer for sale or import any POTENTIAL PRODUCT or COMMERCIAL PRODUCT outside of the FIELD, including without limitation obtaining MARKETING AUTHORIZATION for the addition of label claims that are outside of the FIELD for then-existing COMMERCIAL PRODUCT(S), BAXTER shall discuss the matter with NEKTAR AL. If NEKTAR AL (in its discretion) wishes to grant such additional rights to BAXTER, the PARTIES shall negotiate in good faith the terms and conditions (which may include, among other things, the payment of additional milestone payments) applicable to the grant of such rights.

9.1.1 **NO DUPLICATIVE*** MILESTONES FOR THE DEVELOPMENT AND COMMERCIALIZATION OF ONE COMMERCIAL PRODUCT FOR THE TREATMENT OF HEMOPHILIA A. The MILESTONES that are provided for under Schedule II shall apply with respect to the first POTENTIAL PRODUCT being developed for the treatment of Hemophilia A that achieves each such MILESTONE, and the first COMMERCIAL

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PRODUCT receiving MARKETING AUTHORIZATION having a label indication for the treatment of Hemophilia A. Such POTENTIAL PRODUCT and COMMERCIAL PRODUCT may be the same, but in the event they are not, **only one set of MILESTONES shall be due and payable upon achieving each milestone event for the first time. For clarity, additional milestone payments may be payable by BAXTER in accordance with the provisions of Section 9.1.2***.

For clarity, BAXTER or its AFFILIATE or SUBLICENSEE, at BAXTER'S discretion, shall be **entitled to make "multiple-shots-on-goal" and simultaneously develop multiple POTENTIAL PRODUCTS for the treatment of Hemophilia A with the goal of successfully commercializing one such POTENTIAL PRODUCT for such indication, while only paying one set of MILESTONES with respect to the development and commercialization of the first COMMERCIAL PRODUCT for the treatment of Hemophilia A. BAXTER or its AFFILIATE or SUBLICENSEE shall also be entitled to go "back-to-the-drawing-board" and develop multiple POTENTIAL PRODUCTS for the treatment of Hemophilia A without paying duplicative MILESTONES***. In the event BAXTER or its AFFILIATE or SUBLICENSEE **proceeds in the development of a POTENTIAL PRODUCT beyond pre-clinical development and into clinical trials and subsequently elects to proceed with the development of another POTENTIAL PRODUCT (whether or not the development of the first POTENTIAL PRODUCT has been terminated), then BAXTER shall not be required to repeat the payment of any MILESTONES, but will only be required to pay any and all clinical MILESTONES achieved**

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for the new POTENTIAL PRODUCT, beyond those paid for the first POTENTIAL PRODUCT*.

For example, **if BAXTER or its AFFILIATE or SUBLICENSEE develops POTENTIAL PRODUCT #1 through commencement of the first PIVOTAL TRIAL, and because the early results from this PIVOTAL TRIAL appear to be disappointing, BAXTER or its AFFILIATE or SUBLICENSEE elects to commence a PHASE 2 CLINICAL TRIAL with POTENTIAL PRODUCT #2, then (assuming BAXTER has already paid the $11,000,000 in upfront and pre-clinical MILESTONES for POTENTIAL PRODUCT #1 and the $3,000,000 MILESTONE upon the successful completion of the PHASE 2 CLINICAL TRIAL for POTENTIAL PRODUCT #1)***, BAXTER shall **only be responsible for payment of the MILESTONES for the successful completion of the PIVOTAL CLINICAL TRIAL for POTENTIAL PRODUCT #2 and for any other MILESTONES for any POTENTIAL PRODUCT or COMMERCIAL PRODUCT (as applicable) that are achieved beyond that point***.

NEKTAR AL shall not be entitled to additional MILESTONES for additional label claims that are obtained by BAXTER or its AFFILIATE or SUBLICENSEE for then-existing COMMERCIAL PRODUCT(S) for the treatment of Hemophilia A. For example, **if a COMMERCIAL PRODUCT has an indication for "the treatment of bleeding during trauma and surgery for persons with Hemophilia A," and later receives an indication for "the prophylactic treatment of Hemophilia A," then no additional MILESTONES are due***.

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9.1.2 ADDITIONAL MILESTONES FOR THE COMMERCIALIZATION OF MORE THAN ONE COMMERCIAL PRODUCT FOR THE TREATMENT OF HEMOPHILIA A. After the receipt of MARKETING AUTHORIZATION for the first COMMERCIAL PRODUCT, NEKTAR AL shall be entitled to receive milestone payments in addition to the MILESTONES provided for in Schedule II, for each additional POTENTIAL PRODUCT with a label indication for the treatment of Hemophilia A, for which BAXTER or its AFFILIATE or SUBLICENSEE receives a new MARKETING AUTHORIZATION in the United States and/or European Union. With respect to any additional POTENTIAL PRODUCTS **that are FACTOR VII products, additional milestone payments shall be made upon the commencement of the first PIVOTAL TRIAL in adults for each such additional POTENTIAL PRODUCT, the successful completion of each such PIVOTAL TRIAL, and for each MARKETING AUTHORIZATION received in the United States and/or European Union for each such additional POTENTIAL PRODUCT. With respect to any additional POTENTIAL PRODUCTS that are FACTOR VIII half-life extension products, additional milestone payments shall be made upon the successful completion of a PIVOTAL TRIAL in adults for each such additional POTENTIAL PRODUCT and for each MARKETING AUTHORIZATION received in the United States and/or European Union for each such additional POTENTIAL PRODUCT***. The amounts of such payments will be negotiated by the PARTIES in good faith and agreed upon in a formal written amendment hereto **no later than completion of the first PHASE 2 CLINICAL TRIAL for each such additional POTENTIAL PRODUCT***, provided that the additional milestone payments for each such additional POTENTIAL PRODUCT **will**

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not exceed twelve million, five hundred thousand DOLLARS ($12,500,000) in the aggregate per POTENTIAL PRODUCT*.

For clarity, **BAXTER will negotiate and pay for any milestones in arrears in a scenario where BAXTER takes "multiple shots on goal", and elects to continue to develop a second POTENTIAL PRODUCT after the commercial launch of the first COMMERCIAL PRODUCT. For example, assume BAXTER has a second POTENTIAL PRODUCT, which is a PEGYLATED FACTOR VII product, in development in a PIVOTAL TRIAL for the treatment of Hemophilia A at the time BAXTER'S first POTENTIAL PRODUCT receives MARKETING AUTHORIZATION for the treatment of Hemophilia A. If, after receiving MARKETING AUTHORIZATION for the first COMMERCIAL PRODUCT, BAXTER elects to continue the development of the second POTENTIAL PRODUCT, it must thereafter negotiate the milestones for the second POTENTIAL PRODUCT and pay the milestone due which was due upon commencement of the PIVOTAL TRIAL in arrears***.

9.1.3 POTENTIAL PRODUCTS FOR **VON WILLEBRAND'S DISEASE***. If BAXTER elects to develop a POTENTIAL PRODUCT to treat **Von Willebrand's Disease***, BAXTER shall pay to NEKTAR AL milestone payments in addition to the MILESTONES that are set forth in Schedule II, which additional milestone payments will be negotiated by the PARTIES in good faith and agreed upon in a formal written amendment hereto. The additional milestone payments for such POTENTIAL PRODUCT to treat **Von Willebrand's Disease*** shall be agreed upon in advance but no later than **commencement of the first PHASE 1 CLINICAL TRIAL for such POTENTIAL PRODUCT, and shall include milestone payments for:**

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commencement of the first PHASE 1 CLINICAL TRIAL for such POTENTIAL PRODUCT, commencement of the first PHASE 2 CLINICAL TRIAL for such POTENTIAL PRODUCT, commencement of the first PIVOTAL TRIAL for such POTENTIAL PRODUCT, BLA filing for such POTENTIAL PRODUCT in the United States, BLA filing for such POTENTIAL PRODUCT in the European Union, MARKETING AUTHORIZATION for such POTENTIAL PRODUCT in the United States and MARKETING AUTHORIZATION for such POTENTIAL PRODUCT in the European Union. Such milestone payments shall be based on all relevant factors, including competitive pressures, size of market, time to market, regulatory matters, expected returns, patent position and other matters*.

9.1.4 INDICATIONS FOR **BOTH HEMOPHILIA A AND VON WILLEBRAND'S DISEASE***. While NEKTAR AL shall not be entitled to additional milestone payments for additional label claims that are obtained by BAXTER or its AFFILIATE or SUBLICENSEE for then-existing COMMERCIAL PRODUCT(S) within the FIELD, if BAXTER or its AFFILIATE or SUBLICENSEE seeks to obtain **additional label claim(s) for the treatment of Von Willebrand's Disease, which additional label claim(s)*** are for a then-existing COMMERCIAL PRODUCT with a label indication for the **treatment of Hemophilia A***, then in such case, additional milestone payments shall be due. The provisions of Section 9.1.2, as they pertain to **additional FACTOR VIII POTENTIAL PRODUCTS***, shall apply such that clinical development of COMMERCIAL PRODUCT(S) associated with obtaining label claims for the treatment of **Von Willebrand's disease in addition to the existing**

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label claims for the treatment of Hemophilia A* shall be deemed to constitute development of an additional POTENTIAL PRODUCT.

9.2 ROYALTIES. BAXTER shall pay NEKTAR AL royalties in an amount equal to the product of the ROYALTY RATE and the annual aggregate NET SALES of all COMMERCIAL PRODUCTS on a COMMERCIAL PRODUCT-by-COMMERCIAL PRODUCT and country-by-country basis for an initial period of ten (10) years from the FIRST COMMERCIAL SALE of the applicable COMMERCIAL PRODUCT in the applicable country (the "INITIAL ROYALTY TERM"). Royalties shall be paid during the INITIAL ROYALTY TERM in each and every country where COMMERCIAL PRODUCT is sold, without regard to whether a VALID PATENT CLAIM covers the manufacture, use, sale, offer for sale or import of the COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT.

9.2.1 After the expiration of the INITIAL ROYALTY TERM for a particular COMMERCIAL PRODUCT in a particular country, BAXTER shall continue to pay such royalties on NET SALES of such COMMERCIAL PRODUCT on a world-wide basis provided that there exists, in each of the following major markets in which MARKETING AUTHORIZATION is received for such COMMERCIAL PRODUCT, a VALID PATENT CLAIM which would be infringed by the making, using, having made, offering for sale, sale or importation of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT: **(i) the United States, (ii) Europe (the VALID PATENT CLAIM must exist in at least the United Kingdom, France and Germany) and (iii) Japan*** (collectively, "MAJOR MARKETS"). Such royalties shall be paid on NET SALES of COMMERCIAL PRODUCTS in those countries where the manufacture, import, use, offer for sale or sale of

the applicable COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT is not covered by a VALID PATENT CLAIM, provided that the manufacture, import, use, offer for sale or sale of such applicable COMMERCIAL PRODUCT or such SELECTED REAGENT is covered by a VALID PATENT CLAIM in each of the MAJOR MARKETS. **For example, after the expiration of the INITIAL ROYALTY TERM in Australia for a particular COMMERCIAL PRODUCT, such royalties will be payable with respect to NET SALES of such COMMERCIAL PRODUCT in Australia if, at the time of the sales on which such royalties will be based, there is a VALID PATENT CLAIM covering the manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in each of the MAJOR MARKETS, even if there is no VALID PATENT CLAIM covering the manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in Australia***.

9.2.2 If, at the time of sale of a COMMERCIAL PRODUCT in a particular country after the expiration of the INITIAL ROYALTY TERM in such country, there is no VALID PATENT CLAIM covering the manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in each of the MAJOR MARKETS, then BAXTER shall only owe royalties with respect to NET SALES of COMMERCIAL PRODUCTS in those countries in which a VALID PATENT CLAIM covers the manufacture, use, import, offer for sale or sale of such

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COMMERCIAL PRODUCTS or the SELECTED REAGENT contained in such COMMERCIAL PRODUCTS in such countries. For example, after the expiration of the INITIAL ROYALTY TERM **in Australia for a particular COMMERCIAL PRODUCT, such royalties will be payable on NET SALES of such COMMERCIAL PRODUCT in Australia if, at the time of the sales on which such royalties will be based, there is no VALID PATENT CLAIM covering the manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in each of the MAJOR MARKETS but there is a VALID PATENT CLAIM covering the manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in Australia; however, if no such VALID PATENT CLAIM exists in Australia, then no royalties shall be payable by BAXTER on NET SALES of such COMMERCIAL PRODUCT in Australia***.

9.2.3 The PARTIES agree that a VALID PATENT CLAIM exists, for purposes of determining whether royalties are payable after the expiration of the INITIAL ROYALTY TERM, even if components of a COMMERCIAL PRODUCT are sold separately as more fully described in Section 9.3 below, and the only VALID PATENT CLAIM covers the manufacture, use, sale, offer for sale or import of only one component of such COMMERCIAL PRODUCT **(e.g., PEGYLATED VON WILLEBRAND'S FACTOR)***.

9.2.4 BAXTER shall **not pay any royalty for any POTENTIAL PRODUCT used or sold solely for clinical trial purposes***.

9.2.5 Neither PARTY shall contest the accuracy of any royalty, including the overpayment or underpayment of any royalty, after **twenty-four (24) months*** from the end of the calendar year in which such royalties are due and payable. For clarity, prior to the expiration of such **twenty-four (24) month*** period, BAXTER may allege the overpayment of such royalties (and if determined that overpayment was made, be entitled to a refund payable within **ninety (90) days*** of NEKTAR AL'S receipt of an invoice for the overpaid amount) and NEKTAR AL may allege the underpayment of royalties (and if determined that underpayment was made, be entitled to such shortfall). Thereafter, the accuracy of the payment of such royalties shall be deemed conclusively binding.

9.3 SEPARATE COMPONENTS. If components of a COMMERCIAL PRODUCT are sold separately, the NET SALES of such COMMERCIAL PRODUCT shall be calculated as if the components of the COMMERCIAL PRODUCT were not sold separately; provided that no provision of this AGREEMENT shall be construed as **requiring the payment of more than a single royalty per single COMMERCIAL PRODUCT***. For example, if a COMMERCIAL PRODUCT consists of **PEGYLATED VON WILLEBRAND'S FACTOR*** which is intended to be used with and to improve the half-life of FACTOR VIII, the NET SALES of such COMMERCIAL PRODUCT shall be deemed to include the amount invoiced **(less the reductions set out in the definition of NET SALES)*** by BAXTER, its SUBLICENSEES and/or their respective AFFILIATES for the FACTOR VIII with which such product is intended to be used and the **PEGYLATED VON WILLEBRAND'S FACTOR***, it being understood and agreed that, for purposes of calculating royalties, the **PEGYLATED VON WILLEBRAND'S FACTOR*** and the FACTOR VIII are the COMMERCIAL PRODUCT.

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9.4 COMMERCIAL DILIGENCE. If, during the TERM, BAXTER sells or markets another FACTOR VIII extended half-life product using a non-PEGYLATION technology which is used to treat Hemophilia A, then BAXTER must meet the COMMERCIAL DILIGENCE THRESHOLD, as set forth below. No later than **five (5) years*** after the FIRST COMMERCIAL SALE of a COMMERCIAL PRODUCT in each MAJOR MARKET in which MARKETING AUTHORIZATION has been obtained, the sales of all COMMERCIAL PRODUCTS in the aggregate shall constitute at least **thirty percent (30%)*** of the total sales of all FACTOR VIII extended half-life products used to treat Hemophilia A in such MAJOR MARKET (the "COMMERCIAL DILIGENCE THRESHOLD"). If sales of such COMMERCIAL PRODUCTS, in the aggregate, do not meet the COMMERCIAL DILIGENCE THRESHOLD in such MAJOR MARKET within such timeframe, then **NEKTAR AL may, at its sole election, upon written notice to BAXTER, elect to co-promote all such COMMERCIAL PRODUCTS in such MAJOR MARKET***. In the event **NEKTAR AL elects to exercise its option to co-promote COMMERCIAL PRODUCTS***, the ROYALTY RATE to which NEKTAR AL is otherwise entitled shall be **twenty percent (20%) for all NET SALES of all COMMERCIAL PRODUCTS exceeding the prior year's sales***. For example, **if BAXTER launches two (2) products, each with an extended half-life for the treatment of Hemophilia A, and five (5) years after the launch of the COMMERCIAL PRODUCT, the COMMERCIAL PRODUCT market share of half-life products is only twenty percent (20%), then NEKTAR shall be entitled to normal royalties until such time as sales total twenty percent (20%) of the market share, and, once sales exceed twenty percent (20%) of the market share, twenty percent (20%) royalties on all NET SALES of all such COMMERCIAL PRODUCTS***. The terms of any such **co-promotion agreement*** shall be negotiated in good faith by the PARTIES, and shall include

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minimum **co-promotion requirements*** and shall provide that **NEKTAR AL shall not engage an entity that otherwise sells, markets or manufactures treatments for Hemophilia A or Von Willebrand's disease to assist in such co-promotion***.

9.5 REPORTS, EXCHANGE RATES. BAXTER shall notify NEKTAR AL in writing promptly upon the FIRST COMMERCIAL SALE of each COMMERCIAL PRODUCT in each country in which BAXTER elects to pursue commercialization. Commencing upon the FIRST COMMERCIAL SALE of a COMMERCIAL PRODUCT, BAXTER shall furnish to NEKTAR AL a **quarterly written report (per calendar quarter)*** showing, on a country-by-country basis, according to the volume of units of such COMMERCIAL PRODUCT sold in each such country (by SKU) during the reporting period: (a) the gross invoiced sales of the COMMERCIAL PRODUCT sold in each country during the reporting period, and the amounts deducted therefrom to determine NET SALES from such gross invoiced sales detailed in accordance with those deductions provided for in the definition of NET SALES; (b) the royalties payable in DOLLARS, if any, which shall have accrued hereunder based upon the NET SALES of the COMMERCIAL PRODUCT; (c) the withholding taxes, if any, required by LAW to be deducted in respect of such sales; and (d) the date of the FIRST COMMERCIAL SALE of the COMMERCIAL PRODUCT in each country during the reporting period. With respect to sales of COMMERCIAL PRODUCT invoiced in DOLLARS, the gross invoiced sales, NET SALES, and royalties payable shall be expressed in the report in DOLLARS. With respect to sales of COMMERCIAL PRODUCT invoiced in a currency other than DOLLARS, the gross invoiced sales, NET SALES and royalties payable shall be expressed in the report provided hereunder in the domestic currency of the PARTY making the sale as well as in the DOLLAR equivalent of the royalty payable and the exchange rate used in determining the

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amount of DOLLARS. The DOLLAR equivalent shall be calculated using the average exchange rate (local currency per DOLLAR) published in The Wall Street Journal, Western Edition, under the heading "Currency Trading," on the last business day of each month during the applicable calendar quarter. Reports shall be due hereunder on the forty-fifth (45^{th}) day following the close of each calendar quarter.

9.6 THIRD PARTY ROYALTIES, ETC. If either PARTY is required to pay royalties or any other payments to a THIRD PARTY because the composition of matter or method of manufacture of a SELECTED REAGENT contained in a POTENTIAL PRODUCT or COMMERCIAL PRODUCT used, manufactured, imported, sold or offered for sale in a particular country infringes a PATENT of such THIRD PARTY in that country or misappropriates know-how of such THIRD PARTY in that country, then **BAXTER shall pay such THIRD PARTY any royalties or other payments*** for a license under such PATENT or know-how necessary to use, manufacture, import, sell or offer for sale such POTENTIAL PRODUCT or COMMERCIAL PRODUCT in such country. In such event, BAXTER **may deduct from royalties thereafter due to NEKTAR AL hereunder with respect to the NET SALES of such COMMERCIAL PRODUCT in such country, an amount equal to fifty percent (50%) of the royalties and such other payments made to such THIRD PARTY for a license under such PATENT or know-how. In the event past royalties are due, BAXTER may deduct up to an additional twenty-five percent (25%) of future royalties (i.e., up to a maximum of 75% in the aggregate) due NEKTAR AL until such time as BAXTER is reimbursed fifty percent (50%) of any past royalties paid by BAXTER (or its AFFILIATES or SUBLICENSEES) to such THIRD PARTIES***. For example, **if upon resolution of any infringement claim (whether by settlement or decision) it is determined that a THIRD PARTY is**

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owed a ten percent (10%) royalty on all COMMERCIAL PRODUCT net sales, and if COMMERCIAL PRODUCT net sales total fifty million DOLLARS ($50,000,000) to date, and BAXTER pays the THIRD PARTY five million DOLLARS ($5,000,000) in back royalties, then BAXTER can deduct up to seventy-five percent (75%) of the royalties payable to NEKTAR AL until such time as the deduction, after deducting fifty percent (50%) of THIRD PARTY royalties on current sales, equals two million five hundred DOLLARS ($2,500,000) (which is 50% of the $5 million in back royalties). Thereafter, BAXTER may deduct fifty percent (50%) of the royalties otherwise payable to NEKTAR AL going forward. The foregoing shall be NEKTAR AL'S sole liability and BAXTER'S sole remedy in the event of any actual or alleged infringement of a THIRD PARTY PATENT or misappropriation of know-how* as a result of the manufacture, use, import, export, offer for sale or sale of a SELECTED REAGENT, POTENTIAL PRODUCT or COMMERCIAL PRODUCT, and shall be in addition to BAXTER's obligations under Sections 15.1.2 and 17.1. In no event shall the royalties due to NEKTAR AL on the NET SALES of COMMERCIAL PRODUCT in a country on account of any reduction* pursuant to this Section 9.6 be reduced by an amount that is more than fifty percent (50%) of the royalties otherwise payable to NEKTAR AL hereunder*, except in the case where BAXTER is deducting from such royalties any amounts for past royalties paid by BAXTER to a THIRD PARTY as permitted under this Section 9.6*, in which event the royalties due to NEKTAR AL on the NET SALES of COMMERCIAL PRODUCT may be reduced by a maximum amount of up to seventy-five percent (75%) of the royalties otherwise payable to NEKTAR AL hereunder. Prior to selecting any SELECTED REAGENT, the RESEARCH COMMITTEE shall provide to the patent groups of BAXTER and NEKTAR AL with a list of the five (5) to ten (10) NEKTAR

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PROPRIETARY REAGENTS that the RESEARCH COMMITTEE believe have the best likelihood of achieving the endpoints established by the RESEARCH COMMITTEE. The RESEARCH COMMITTEE shall supply the respective patent groups with the opportunity to review (under conditions of confidentiality as provided for herein) NEKTAR AL's freedom to operate studies, and perform any additional freedom to operate analysis, with respect to the composition of matter and method of manufacturing each such NEKTAR PROPRIETARY REAGENT, and NEKTAR AL's process for manufacturing each such NEKTAR PROPRIETARY REAGENT. Within two (2) months after BAXTER's receiving NEKTAR AL's freedom to operate studies with respect to the composition of matter and method of manufacturing of such a NEKTAR PROPRIETARY REAGENT, and prior to the RESEARCH COMMITTEE'S selecting such a NEKTAR PROPRIETARY REAGENT as a SELECTED REAGENT, BAXTER'S patent group may eliminate such NEKTAR PROPRIETARY REAGENT if it determines the patent risks associated therewith are unacceptable; provided, however, that BAXTER shall notify NEKTAR AL in writing thereof within such two (2) month period and NEKTAR AL may, within the two (2) month period following the receipt of such notice, provide BAXTER with an equivalent or better substitute for such eliminated NEKTAR PROPRIETARY REAGENT which BAXTER does not determine the patent risks associated therewith are unacceptable. BAXTER may make suggestions as to how NEKTAR AL could avoid potential infringement liability with respect to such SELECTED REAGENT. NEKTAR AL will in good faith consider such suggestions and BAXTER shall have the right to decide that it does not want to utilize such SELECTED REAGENT in the development or commercialization of a POTENTIAL PRODUCT*.

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10. RECORDS; AUDITS; SHIPMENT TERMS; PAYMENT TERMS

10.1 RECORDS. The PARTIES shall keep complete and accurate records in sufficient detail to make the reports required hereunder, to confirm their respective compliance with the provisions of this AGREEMENT, to properly reflect all amounts billed, owed or reported and to verify the determination of all amounts payable hereunder. Without limiting the foregoing, BAXTER shall include in each sublicense granted by it pursuant to this AGREEMENT a provision requiring the SUBLICENSEE to make reports to BAXTER consistent with those BAXTER is required to provide hereunder, to keep and maintain records of sales made and deductions taken in calculating royalties due to NEKTAR AL with respect to such sublicense, and to grant access to such records by NEKTAR AL'S independent accountant pursuant to Section 10.2 below to the same extent required of BAXTER under this AGREEMENT.

10.2 AUDITS. Upon the written request of a PARTY, the other PARTY shall permit an independent certified public accounting firm of recognized national standing in the United States, selected by the requesting PARTY and reasonably acceptable to the other PARTY, at the requesting PARTY'S expense, to have access to such PARTY'S records as may be reasonably necessary to verify (i) the accuracy of any amounts reported, actually paid or payable under this AGREEMENT, and (ii) in the case of NEKTAR AL, BAXTER's compliance with Section 5.1, for any year ending not more than **twenty-four (24) months*** prior to the date of such request. Such audits shall be conducted under conditions of confidentiality and may be made no more than once each calendar year, during normal business hours at reasonable times mutually agreed by the PARTIES, and shall not be conducted on a contingent fee basis.

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The accounting firm shall provide each PARTY with a draft of its preliminary findings and allow each PARTY **thirty (30) days*** to review and comment on such preliminary report. During such period, either PARTY is free to provide the accounting firm with additional information, which shall be considered by the accounting firm. The accounting firm may ask for additional information and/or perform additional procedures it deems appropriate to ensure the accuracy of its final report. Copies of the accounting firm's final report will be issued to both PARTIES.

If such accounting firm concludes that additional amounts were owed to the requesting PARTY during such period, or if the requesting PARTY overpaid for any rates or fees for products, the other PARTY shall pay such additional amounts or credit such overpayment **(including interest on such additional royalties paid at the rate of prime plus two percent (2%) per annum, or the maximum rate allowed under LAW, whichever is less, from the date on which such payments were due)*** within **thirty (30) days*** of the date the requesting PARTY delivers to the other PARTY such accounting firm's written report so concluding. The fees charged by such accounting firm shall be paid by the requesting PARTY; provided however, that if the audit discloses that the amounts payable by the audited PARTY for the audited period are more than **one hundred ten percent (110%)*** of the amounts actually paid for such period, or if the audit discloses that the audited PARTY has overcharged the requesting PARTY for rates or fees for products by **over ten percent (10%)***, then the audited PARTY shall pay the reasonable fees and expenses charged by such accounting firm. Upon the expiration of **twenty-four (24) months*** following the end of any calendar year, the calculation of any amounts payable with respect to such calendar year, or rates or fees charged for such year shall be binding and conclusive upon the PARTIES.

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10.3 INVOICING; PAYMENT TERMS. NEKTAR AL shall send invoices to BAXTER for any SELECTED REAGENT shipped to BAXTER no earlier than the date of shipment. All invoices shall be in DOLLARS. Other than as provided for in Section 9.5 with respect to royalty payments, which shall be made within **forty-five (45) days*** after the end of each calendar quarter as provided for therein, all payments due under this AGREEMENT shall be due and payable **sixty (60) days*** from date of invoice. Royalties shown to have accrued to NEKTAR AL as set forth in each royalty report to be provided under Section 9.5 shall be due and payable on the date such royalty report is due. Any and all amounts past due under this AGREEMENT shall **bear interest at the rate of prime plus two percent (2%) per annum, or the maximum rate allowed under LAW, whichever is less***.

10.4 PAYMENT METHOD. Except as otherwise provided for herein, all payments by BAXTER under this AGREEMENT shall be paid in DOLLARS, and all such payments shall be made by electronic funds transfer in immediately available funds to such account as NEKTAR AL shall designate before such payment is due. If at any time legal restrictions prevent the prompt remittance of part or all royalties due with respect to sales of any COMMERCIAL PRODUCT in any country where such COMMERCIAL PRODUCT is sold, payment shall be made through such lawful means or methods as BAXTER shall reasonably determine.

10.5 TAXES. All amounts due hereunder shall be paid net of any deduction for withholding for any taxes or similar governmental charges imposed by any applicable jurisdiction, and BAXTER shall provide NEKTAR AL evidence of its payment of any such withholdings that may be required. BAXTER agrees to cooperate with and provide reasonable assistance to NEKTAR AL in order to facilitate NEKTAR AL's recovery of any withholdings that NEKTAR AL is due.

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11. CONFIDENTIALITY

11.1 TERMINATION OF NON-DISCLOSURE AGREEMENT. All provisions of, rights granted and covenants made in the NON-DISCLOSURE AGREEMENT are hereby terminated and of no further force and effect and are superseded in their entirety by the provisions of, rights granted and covenants made in this AGREEMENT. The PARTIES acknowledge and agree that any disclosure made pursuant to the NON-DISCLOSURE AGREEMENT shall be subject to and governed by the terms and conditions of this Article 11.

11.2 IN GENERAL. For the TERM and for a period of **ten (10) years*** thereafter, each PARTY shall maintain in confidence all information and materials of the other PARTY (including, but not limited to, KNOW-HOW and samples of THERAPEUTIC AGENT, CONJUGATES, REAGENT, SELECTED REAGENT, POTENTIAL PRODUCT and COMMERCIAL PRODUCT) disclosed or provided to it by the other PARTY (either pursuant to this AGREEMENT or the NON-DISCLOSURE AGREEMENT). CONFIDENTIAL INFORMATION shall be identified as confidential in writing or, if disclosed verbally or by observation, summarized in writing and submitted to RECIPIENT within **thirty (30) days*** of the oral or visual disclosure thereof (together with all embodiments thereof, the "CONFIDENTIAL INFORMATION"). CONFIDENTIAL INFORMATION shall

include both BAXTER MATERIALS and NEKTAR AL MATERIALS. It may also include information regarding intellectual property and confidential or proprietary information of AFFILIATES and THIRD PARTIES. The terms and conditions of this AGREEMENT and the NON-DISCLOSURE AGREEMENT also shall be deemed CONFIDENTIAL INFORMATION of both PARTIES.

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Notwithstanding the foregoing, CONFIDENTIAL INFORMATION shall not include that portion of information or materials that the RECIPIENT can demonstrate by contemporaneous written records was:

(i) known to the general public at the time of its disclosure to the RECIPIENT, or thereafter became generally known to the general public, other than as a result of actions or omissions of the RECIPIENT in violation of this AGREEMENT or the NONDISCLOSURE AGREEMENT;

(ii) known by the RECIPIENT prior to the date of disclosure by the DISCLOSING PARTY;

(iii) disclosed to the RECIPIENT on an unrestricted basis from a source unrelated to the DISCLOSING PARTY and not known to be under a duty of confidentiality to the DISCLOSING PARTY; or

(iv) independently developed by the RECIPIENT without the use of CONFIDENTIAL INFORMATION of the DISCLOSING PARTY.

Any combination of features or disclosures shall not be deemed to fall within the foregoing exclusions merely because individual features are published or known to the general public or in the rightful possession of the RECIPIENT unless the combination itself and principle of operation thereof are published or known to the general public or are in the rightful possession of the RECIPIENT.

11.3 ADDITIONAL PROTECTIONS. Each PARTY shall take reasonable steps to maintain the confidentiality of the CONFIDENTIAL INFORMATION of the other PARTY, which steps shall be no less protective than those that such PARTY takes to protect its own information and materials of a similar nature, but in no event less

than a reasonable degree of care. Neither PARTY shall use or permit the use of any CONFIDENTIAL INFORMATION of the other PARTY except for the purposes of carrying out its obligations or exercising its rights under this AGREEMENT. All CONFIDENTIAL INFORMATION of a PARTY, including all copies and derivations thereof, is and shall remain the sole and exclusive property of the DISCLOSING PARTY and subject to the restrictions provided for herein. Neither PARTY shall disclose any CONFIDENTIAL INFORMATION of the other PARTY other than to those of its directors, officers, AFFILIATES, employees, licensors, independent contractors (including CONTRACT MANUFACTURERS), SUBLICENSEES, assignees, agents and external advisors directly concerned with the carrying out of this AGREEMENT, on a strictly applied "need to know" basis. Other than as expressly permitted herein, RECIPIENT may not use CONFIDENTIAL INFORMATION of the DISCLOSING PARTY in applying for PATENTS or securing other intellectual property rights.

11.4 PERMITTED DISCLOSURES. The obligations of Sections 11.1 and 11.2 shall not apply to the extent that RECIPIENT is required to disclose information by LAW, judicial order by a court of competent jurisdiction, or rules of a securities exchange or requirement of a governmental agency for purposes of obtaining approval to test or market POTENTIAL PRODUCT or COMMERCIAL PRODUCT (provided that the RECIPIENT shall provide prior written notice thereof to the DISCLOSING PARTY and sufficient opportunity for the DISCLOSING PARTY to review and comment on such required disclosure and request confidential treatment thereof or a protective order therefor), or discloses information to a patent office for the purposes of filing or maintaining a PATENT APPLICATION or PATENT as permitted in this AGREEMENT.

11.5 IRREPARABLE INJURY. The PARTIES acknowledge that either PARTY'S breach of this Article 11 would cause the other PARTY irreparable injury for which it would not have an adequate remedy at LAW. In the event of a breach, the nonbreaching PARTY shall be entitled to injunctive relief in addition to any other remedies it may have at LAW or in equity, without necessity of posting a bond.

12. REGULATORY MATTERS

12.1 COMPLAINTS/ADVERSE EVENTS. Each PARTY shall promptly notify the other in writing of any information that comes to its attention concerning the safety or efficacy of any SELECTED REAGENT, POTENTIAL PRODUCT and/or COMMERCIAL PRODUCT, including, without limitation, any threatened or pending action by any regulatory authority with respect thereto, in accordance with the applicable QUALITY AGREEMENT.

12.2 SPECIFIC REQUIREMENTS. Without limiting the generality of Section 12.1, BAXTER shall **learn and verify the hazards involved in using SELECTED REAGENT, including the Material Safety Data Sheet therefore***.

13. REPRESENTATIONS & WARRANTIES; COVENANTS

13.1 REPRESENTATIONS AND WARRANTIES. Each PARTY represents and warrants to the other that as of the EFFECTIVE DATE to the best of its knowledge and belief: (a) it has the full corporate power to enter into and perform this AGREEMENT; (b) this AGREEMENT constitutes its legal, valid and binding obligation; (c) it has sufficient legal and/or beneficial title or other rights under its intellectual property rights to grant the licenses contained in this AGREEMENT; (d) each PARTY'S professional employees, officers, contractors (including any CONTRACT MANUFACTURERS) and consultants that will be involved with this AGREEMENT and the RESEARCH PLAN (and in the case of BAXTER, its

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AFFILIATES and SUBLICENSEES), has executed or will execute an agreement that requires such person or entity, to the extent permitted by LAW, to assign all INVENTIONS, PATENTS, and KNOW-HOW made during the course of and as a result of the performance of such PARTY'S obligations under this AGREEMENT, to such PARTY; and (e) each of such PARTY'S employees, officers, contractors (including any CONTRACT MANUFACTURERS) and consultants (and in the case of BAXTER, its AFFILIATES and SUBLICENSEES) are or will be subject to written confidentiality obligations no less restrictive than those provided for in this AGREEMENT. If the obligation to assign under subsection 13.1(d) is not permitted in a particular country, then such person or entity will be required to grant an exclusive, worldwide, perpetual, royalty-free

license to all such INVENTIONS, PATENTS, and KNOW-HOW to the PARTY to whom such assignment was to be made, with the right to sublicense.

13.2 COMPLIANCE WITH LAWS. Each PARTY will comply with all LAWS in performing its obligations and exercising its rights hereunder. Nothing in this AGREEMENT shall be deemed to permit BAXTER or its SUBLICENSEES to export, re-export or otherwise transfer any information or materials (including SELECTED REAGENT or CONJUGATES) transferred hereunder or POTENTIAL PRODUCT or COMMERCIAL PRODUCT manufactured therefrom without complying with LAWS.

14. LIMITATION OF LIABILITY; EXCLUSION OF DAMAGES

14.1 LIMITATION OF LIABILITY. EXCEPT (I) FOR THE PARTIES' OBLIGATIONS FOR THIRD PARTY CLAIMS UNDER ARTICLE 15 AND (II) IN THE CASE OF A BREACH OF ARTICLE 7 OR 11:

14.1.1 IN NO EVENT SHALL NEKTAR AL'S LIABILITY ARISING OUT OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION AS A RESULT OF THE RESEARCH, DEVELOPMENT, MANUFACTURE, SUPPLY, USE OR SALE OF CONJUGATES, SELECTED REAGENTS, POTENTIAL PRODUCTS OR COMMERCIAL PRODUCTS, EXCEED IN THE AGGREGATE, AN AMOUNT THAT IS **EQUAL TO TWENTY PERCENT (20%) OF THE TOTAL MILESTONES AND ROYALTIES THAT HAVE ALREADY BEEN PAID TO AND RECEIVED BY NEKTAR AL HEREUNDER AT THE TIME SUCH LIABILITY ARISES***. FOR CLARITY, **ANY OF BAXTER'S OUT-OF-POCKET COSTS AND EXPENSES RESULTING FROM THIRD-PARTY CLAIMS THAT ARE COVERED UNDER SECTION 15.1.1 (BUT, FOR FURTHER CLARITY, NOT BAXTER'S OUT-OF-POCKET COSTS AND EXPENSES FOR A PRODUCT RECALL RESULTING FROM SUCH THIRD-PARTY CLAIMS)*** ARE NOT SUBJECT TO THE FOREGOING.

14.1.2 IN NO EVENT SHALL A PARTY OR ITS AFFILIATES BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES OR SUBLICENSEES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION, DAMAGES RESULTING FROM LOSS OF USE, LOSS OF PROFITS, INTERRUPTION OR LOSS OF BUSINESS OR OTHER ECONOMIC LOSS) ARISING OUT OF THIS AGREEMENT OR WITH RESPECT TO A PARTY'S PERFORMANCE OR NON-PERFORMANCE HEREUNDER. THIS REPRESENTS AN EXPRESS ALLOCATION OF RISK BETWEEN THE PARTIES.

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14.2 REMEDIES. Notwithstanding anything herein to the contrary, the PARTIES acknowledge that either PARTY'S breach of Articles 7 and 11 would cause the other PARTY irreparable injury for which it would not have an adequate remedy at LAW. In the event of a breach, the nonbreaching PARTY shall be entitled to injunctive relief in addition to any other remedies it may have at LAW or in equity, without necessity of posting a bond.

14.3 APPLICABILITY, EXCLUSIVITY OF REMEDIES. The limitations on liability and exclusion of damages under this AGREEMENT: (i) apply even if a PARTY had or should have had knowledge, actual or constructive, of the possibility of such damages; (ii) are a fundamental element of the basis of the bargain between the PARTIES and this AGREEMENT would not be entered into without such limitations and exclusions and (iii) other than as set forth in this Article 14, shall apply whether a claim is based on breach of contract, breach of warranty, tort (including negligence), product liability, strict liability or otherwise, and notwithstanding any failure of essential purpose of any limited remedy herein. Moreover, the remedies under this AGREEMENT are intended to be exclusive, and, other than as set forth in this Article 14, the limitations on liability and exclusion of damages under this AGREEMENT are intended to apply even if there is a total and fundamental breach of this AGREEMENT, and the essential purpose of these provisions is to limit the PARTIES' respective liabilities hereunder.

15. INDEMNIFICATION; INSURANCE

15.1 INDEMNITY.

15.1.1 BY NEKTAR AL. NEKTAR AL shall defend, indemnify and hold BAXTER, BAXTER'S SUBLICENSEES and their respective shareholders, directors, officers, employees and agents (each, a "BAXTER INDEMNITEE") harmless from and against all losses, liabilities, damages,

costs and expenses (including reasonable attorney's fees and costs of investigation and litigation, regardless of outcome) resulting from all claims, demands, actions and other proceedings by or on behalf of any THIRD PARTY (including any governmental authority) (collectively, "CLAIMS") to the extent arising from: (a) the breach of any representation, warranty, covenant or material obligation of NEKTAR AL under this AGREEMENT; **or (b) the negligence, recklessness or willful misconduct of NEKTAR AL or any THIRD PARTY agents or subcontractors in the performance of its obligations under this AGREEMENT, except in each case to the extent BAXTER is obligated to defend, indemnify and hold harmless a NEKTAR INDEMNITEE under Section 15.1.2, or such CLAIM arises from BAXTER'S material breach of this AGREEMENT or the gross negligence, recklessness or willful misconduct of a BAXTER INDEMNITEE***.

15.1.2 BY BAXTER. BAXTER shall defend, indemnify and hold NEKTAR AL, NEKTAR AL AFFILIATES, and their respective shareholders, directors, officers, employees and agents (each, a "NEKTAR AL INDEMNITEE") harmless from and against all CLAIMS to the extent arising from: (a) the breach of any representation, warranty, covenant or material obligation of BAXTER under this AGREEMENT; **(b) the development (including without limitation the conduct of clinical trials in humans), manufacturing, testing, storage, handling, transportation, disposal, commercialization (including any recalls, field corrections or market withdrawals), marketing, distribution, promotion, sale or use of POTENTIAL PRODUCT or COMMERCIAL PRODUCT (including as a result of any illness, injury or death to persons (including**

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employees, agents or contractors of BAXTER or its SUBLICENSEES) or damage to property); or (c) the negligence, recklessness or misconduct of BAXTER or its SUBLICENSEES or any of their respective THIRD PARTY agents or subcontractors in the performance of its or their obligations under this AGREEMENT, except in each case to the extent such claim, demand, action or proceeding arises from NEKTAR AL'S material breach of this AGREEMENT or the gross negligence, recklessness or willful misconduct of a NEKTAR AL INDEMNITEE. By way of example but not limitation, if a SELECTED REAGENT or a THERAPEUTIC AGENT alone does not cause any illness, injury or death to persons, but a POTENTIAL PRODUCT or COMMERCIAL PRODUCT does cause illness, injury or death to persons, then in such case, BAXTER, and not NEKTAR AL, shall be liable for any resulting CLAIMS under this Section 15.1.2*.

15.2 INSURANCE. Each PARTY shall, at its own expense, maintain comprehensive general liability insurance, including product liability insurance, in the minimum amount of **one million DOLLARS ($1,000,000)*** per occurrence, and **three million DOLLARS ($3,000,000)*** in the aggregate. BAXTER has the right to self-insure. Any independent insurance carriers must be rated A-, VII or better by A.M. Best Company. The PARTIES shall maintain such insurance for so long as they continue to research or develop or manufacture or commercialize POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS, and shall from time to time provide copies of certificates of such insurance to each other upon request. If the insurance policy is written on a claims-made basis, then the coverage must be kept in place for at least **seven (7) years*** after the termination of this AGREEMENT.

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15.3 PROCEDURES. If any CLAIM covered by Section 15.1 is brought, the indemnifying PARTY'S obligations are conditioned upon the following:

(i) the indemnified PARTY shall promptly notify the indemnifying PARTY in writing of such CLAIM, provided, however, the failure to provide such notice within a reasonable period of time shall not relieve the indemnifying PARTY of any of its obligations hereunder except if the indemnifying PARTY is prejudiced by such failure or delay;

(ii) the indemnifying PARTY shall assume, at its cost and expense, the sole defense of such CLAIM through counsel selected by the indemnifying PARTY, except that those indemnified may at their option and expense select and be represented by separate counsel;

(iii) the indemnifying PARTY shall maintain control of such defense and/or the settlement of such CLAIM, and the indemnified PARTY shall cooperate with the indemnifying PARTY;

(iv) those indemnified may, at their option and expense, participate in such defense, and if they so participate, the indemnifying PARTY and those indemnified shall cooperate with one another in such defense;

(v) the indemnifying PARTY will have authority to consent to the entry of any monetary judgment, to enter into any settlement or otherwise to dispose of such CLAIM (provided and only to the extent that an indemnified PARTY does not have to admit liability and such judgment does not involve equitable relief), and an indemnified PARTY may not consent to the entry of any judgment, enter into any settlement or otherwise to dispose of such CLAIM without the prior written consent of the indemnifying PARTY; and

(vi) the indemnifying PARTY shall pay the full amount of any judgment, award or settlement with respect to such CLAIM and all other costs, fees and expenses related to the resolution thereof; provided that such other costs, fees and expenses have been incurred or agreed, as the case may be, by the indemnifying PARTY in its defense or settlement of the CLAIM.

16. INVENTIONS, KNOW-HOW and PATENTS

16.1 EXISTING INTELLECTUAL PROPERTY. Other than as expressly provided in this AGREEMENT, neither PARTY grants nor shall be deemed to grant any right, title or interest to the other PARTY in any PATENT, PATENT APPLICATION, KNOW-HOW or other intellectual property right CONTROLLED by such PARTY as of the EFFECTIVE DATE.

16.2 DISCLOSURE. Each PARTY shall promptly disclose in writing to the other all INVENTIONS arising from the joint or separate activities (including any INVENTIONS conceived or first reduced to practice as a result of such activities) of the PARTIES or their agents, employees, SUBLICENSEES or independent contractors (including CONTRACT MANUFACTURERS) during and in connection with the performance of their obligations or activities under this AGREEMENT (including in carrying out its activities under the RESEARCH PLAN and the development or manufacture of POTENTIAL PRODUCT or COMMERCIAL PRODUCT); provided, however, that **NEKTAR AL shall not be obligated to disclose a SOLE INVENTION to the extent such SOLE INVENTION falls within the scope of NEKTAR AL CORE TECHNOLOGY and that BAXTER shall not be obligated to disclose a SOLE INVENTION to the extent such SOLE INVENTION falls within the scope of BAXTER CORE TECHNOLOGY***.

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16.3 OWNERSHIP OF INVENTIONS. Except as otherwise set forth in Sections 16.4 or 16.5, all INVENTIONS conceived or first reduced to practice solely by employees, agents, SUBLICENSEES or indcpendent contractors (including CONTRACT MANUFACTURERS) of a PARTY during the course and in the performance of this AGREEMENT (including in carrying out its activities under the RESEARCH PLAN and the development or manufacture of POTENTIAL PRODUCT or COMMERCIAL PRODUCT) (each, a "SOLE INVENTION") shall be the exclusive property of such PARTY. Except as otherwise set forth in Sections 16.4 or 16.5, if employees, agents, SUBLICENSEES or independent contractors (including CONTRACT MANUFACTURERS) of each of NEKTAR AL and BAXTER jointly, conceive or first reduce to practice any INVENTION during the course and in the performance of activities conducted in connection with this AGREEMENT (including in carrying out its activities under the RESEARCH PLAN and the development or manufacture of POTENTIAL PRODUCT or COMMERCIAL PRODUCT) (each, a "JOINT INVENTION") then such JOINT INVENTION, and any PATENT APPLICATION or PATENT claiming the same shall be **owned by both PARTIES, with each PARTY owning an undivided one-half (½) interest in and to*** such JOINT INVENTION, and any PATENT APPLICATION or PATENT claiming the same, **with the right to freely exploit and grant licenses under any such JOINT INVENTION, and any PATENT APPLICATION or PATENT claiming such JOINT INVENTION without consent of or a duty of accounting to the other PARTY***. For the avoidance of doubt, the determination as to whether an INVENTION has been "solely" or "jointly" made shall be based upon whether employees, agents, SUBLICENSEES or independent contractors (including CONTRACT MANUFACTURERS) of a PARTY would be or are properly named as an inventor on a corresponding PATENT APPLICATION under United States inventorship LAWS. Any JOINTLY OWNED TECHNOLOGY, regardless of whether such INVENTION is

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conceived or first reduced to practice solely or jointly by employees, agents, SUBLICENSEES or independent contractors (including CONTRACT MANUFACTURERS) of each of NEKTAR AL and BAXTER, shall be considered a JOINT INVENTION for the purposes of this AGREEMENT.

16.4 NEKTAR AL CORE TECHNOLOGY INVENTIONS. Any and all rights, title and interest in and to all SOLE INVENTIONS and JOINT INVENTIONS (except those JOINT INVENTIONS that are JOINTLY OWNED TECHNOLOGY), which fall solely within the scope of NEKTAR AL CORE TECHNOLOGY, shall belong solely to NEKTAR AL ("NEKTAR AL CORE TECHNOLOGY INVENTIONS"). BAXTER hereby agrees to and hereby does, and shall, without additional consideration transfer and assign to NEKTAR AL all of its right, title and interest in and to such NEKTAR AL CORE TECHNOLOGY INVENTIONS and all intellectual property rights therein including enforcement rights, and shall require its employees, agents, SUBLICENSEES and independent contractors (including CONTRACT MANUFACTURERS) to so assign their right, title and interest therein to NEKTAR AL. NEKTAR AL shall be responsible, **at its sole expense, and with the cooperation of BAXTER (as set forth in Section 16.6)***, for the filing, prosecution and maintenance of foreign and domestic PATENT APPLICATIONS and PATENTS covering such NEKTAR AL CORE TECHNOLOGY INVENTIONS.

16.5 BAXTER CORE TECHNOLOGY INVENTIONS. Any and all rights, title and interest in and to all SOLE INVENTIONS and JOINT INVENTIONS (except those JOINT INVENTIONS that are JOINTLY OWNED TECHNOLOGY), which fall solely within the scope of BAXTER CORE TECHNOLOGY, shall belong solely to BAXTER ("BAXTER CORE TECHNOLOGY INVENTIONS"). NEKTAR AL hereby agrees to and hereby does, and shall, without additional consideration assign to BAXTER all of its right, title and interest in and to any

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BAXTER CORE TECHNOLOGY INVENTIONS and all intellectual property rights therein including enforcement rights, and shall require its employees, agents or independent contractors (including CONTRACT MANUFACTURERS) to so assign their right, title and interest therein to BAXTER. BAXTER shall be responsible, **at its sole expense and discretion, and with the cooperation of NEKTAR AL if requested by BAXTER***, for the filing, prosecution and maintenance of foreign and domestic PATENT APPLICATIONS and PATENTS covering such BAXTER CORE TECHNOLOGY INVENTIONS.

16.6 INDIVIDUAL PATENT FILINGS. Each PARTY shall have sole discretion and right to prepare, file, prosecute, maintain and defend PATENT APPLICATIONS or PATENTS for INVENTIONS it solely owns under this AGREEMENT, and shall be responsible for related interference proceedings. **NEKTAR AL's patent attorneys only, shall confer with BAXTER's patent attorneys only in the prosecution of those NEKTAR PATENT RIGHTS licensed to BAXTER under this Agreement, and make every reasonable effort to adopt BAXTER's suggestions regarding the prosecution of such PATENT APPLICATIONS, and shall copy BAXTER's patent attorneys only on any official actions and submissions in such PATENT APPLICATIONS. NEKTAR specifically agrees not to limit the scope of any claims in such PATENT APPLICATIONS, without first obtaining BAXTER's written consent, which consent shall not be unreasonably withheld***. Costs incurred with respect to PATENT APPLICATIONS shall be borne by the PARTY with the right to prosecute each such PATENT APPLICATION.

16.7 JOINT PATENT FILINGS. With respect to all PATENT APPLICATIONS on JOINT INVENTIONS that are jointly owned by the PARTIES (i.e., JOINT INVENTIONS that have not been assigned nor are assignable to the other PARTY pursuant to Sections 16.4 and 16.5) (the "JOINT PATENT APPLICATIONS"),

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the PARTIES shall determine which PARTY shall be responsible for filing, prosecuting and maintaining PATENT APPLICATIONS and PATENTS on behalf of both PARTIES (the "RESPONSIBLE PARTY") **based on a good faith determination of the relative contributions of the PARTIES to the INVENTION and the relative interests of the PARTIES in the INVENTION***. All PATENTS issuing from such PATENT APPLICATIONS shall be defined as "JOINT PATENTS". It is understood that BAXTER shall have the preferential right to prosecute those JOINT INVENTIONS directed solely at POTENTIAL or COMMERCIAL PRODUCTS. At least **twenty (20) days*** prior to the contemplated filing of such PATENT APPLICATION, the RESPONSIBLE PARTY shall submit a substantially completed draft of the JOINT PATENT APPLICATION to the other PARTY's patent attorneys only for its approval, which shall not be unreasonably withheld or delayed. Except as set forth below, **the PARTIES shall share equally the costs*** of the preparation, filing, prosecution and maintenance of all JOINT PATENT APPLICATIONS. **If either PARTY elects not to pay its portion of any shared costs for a JOINT PATENT APPLICATION or PATENT issuing therefrom, the other PARTY may proceed with such JOINT PATENT APPLICATION in its own name and at its sole expense, in which case the PARTY electing not to pay its share of costs hereby transfers and assigns and shall transfer and assign its entire right, title and interest in and to such JOINT PATENT APPLICATION to the other PARTY and such INVENTION shall be treated as a SOLE INVENTION of the assignee for the purposes of this Article 16. BAXTER, at its sole expense, shall bear the costs*** of preparing, filing, prosecuting and maintaining all of the foreign and domestic JOINT PATENT APPLICATIONS that cover INVENTIONS within the scope of JOINTLY OWNED TECHNOLOGY, and the JOINT PATENTS that issue therefrom.

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16.8 DISPOSITION OF INVENTIONS. It is understood and agreed that for the purposes of this AGREEMENT, even if an employee, agent, SUBLICENSEE or contractor of a PARTY is an inventor of an INVENTION that is claimed in a PATENT or PATENT APPLICATION, the PARTY who owns said INVENTION as a result of the operation of Article 16 shall not assign, transfer, license or otherwise dispose of any other claim in such PATENT or PATENT APPLICATION, unless such PARTY solely or jointly owns or otherwise has the right to license rights with respect to said other claim (in each case as expressly provided for in this AGREEMENT).

16.9 FURTHER ACTIONS. Each PARTY shall cooperate with the other PARTY to execute all documents and take all reasonable actions to effect the intent of this Article 16.

16.10 PATENT MARKING AND POTENTIAL PRODUCT AND COMMERCIAL PRODUCT MARKING.

(i) BAXTER shall place appropriate NEKTAR AL patent and/or patent pending markings on each POTENTIAL PRODUCT and COMMERCIAL PRODUCT or the packaging therefor. The content, form, size, location and language of such markings shall be in accordance with the LAWS and practices of the country in which the applicable units of each POTENTIAL PRODUCT or COMMERCIAL PRODUCT are distributed.

(ii) BAXTER shall be responsible for all packaging (non-commercial and commercial) and labeling of POTENTIAL PRODUCT or COMMERCIAL PRODUCT. To the extent allowed by LAWS, all POTENTIAL PRODUCT or COMMERCIAL PRODUCT labeling, packaging and package inserts and any promotional materials associated with the POTENTIAL PRODUCT or COMMERCIAL PRODUCT shall carry, in a conspicuous

location, the trademark of NEKTAR AL, the identity and style of which shall be at NEKTAR AL'S sole discretion. NEKTAR AL authorizes the use of its trademark pursuant to this Section 16.10(ii).

16.11 SUPPLEMENTAL PATENT PROTECTION. **NEKTAR AL agrees to make all reasonable attempts to obtain supplemental patent protection, or equivalent type protection in those countries so requested by BAXTER. BAXTER agrees to reimburse NEKTAR AL for the costs of obtaining such supplemental patent protection, or equivalent type protection***. Such protection shall include the listing of any requested **NEKTAR AL PATENT RIGHTS*** in any book, or book equivalent, of any country necessary for extending the term of such **NEKTAR AL PATENT RIGHTS***.

17. Infringement

17.1 INFRINGEMENT OF THIRD PARTY RIGHTS.

17.1.1 NOTICE. If the development, manufacture, use, import, sale or offer for sale of a POTENTIAL PRODUCT or a COMMERCIAL PRODUCT results in a claim for PATENT infringement by a THIRD PARTY, the PARTY to this AGREEMENT first having notice shall promptly notify the other PARTY in writing. The notice shall set forth the facts of the claim in reasonable detail.

17.1.2 LITIGATION UNRELATED TO SELECTED REAGENT. Except to the extent any infringement of patents or misappropriation of know-how results solely from the composition of matter or the method of manufacture of a SELECTED REAGENT, **BAXTER shall defend, indemnify and hold harmless each NEKTAR AL INDEMNITEE*** from and against all losses, liabilities, damages, costs and expenses (including reasonable

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attorney's fees and costs of investigation and litigation, regardless of outcome) resulting from any claim that the development, manufacture, use, import, offer for sale or sale of a POTENTIAL PRODUCT or a COMMERCIAL PRODUCT infringes a THIRD PARTY patent or misappropriates THIRD PARTY know-how, and the provisions of Sections 15.1.2 and 15.3 shall apply with respect to any such claim to the same extent as though it were a CLAIM **for which BAXTER has an obligation to defend, indemnify and defend NEKTAR AL under Section 15.1.2***. In the event of a conflict between the provisions of Article 15 and this Section 17.1.2, **the provisions of this Section 17.1.2 shall apply. NEKTAR AL shall cooperate with BAXTER at BAXTER'S request and expense in such defense, and shall have the right to be represented by counsel of its own choice, at NEKTAR AL'S expense***.

17.1.3 LITIGATION RELATED TO SELECTED REAGENT. If infringement of a THIRD PARTY patent or misappropriation of THIRD PARTY know-how is alleged solely because the composition of the SELECTED REAGENT or the method of making the same, is used in the development, manufacture, use, offer for sale, sale, or import of a POTENTIAL PRODUCT or COMMERCIAL PRODUCT, **NEKTAR AL agrees to defend***, any such action taken by such THIRD PARTY against either PARTY or both PARTIES, including the costs and expenses (including reasonable attorney's fees and costs of investigation and litigation, regardless of outcome) resulting from such defense. **NEKTAR AL'S liability for any losses or damages resulting from any awards, judgments or settlements or other resolution or disposition of such action taken by such THIRD PARTY alleging such infringement or**

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misappropriation shall be determined and limited as set forth in Section 9.6*.

17.2 INFRINGEMENT BY THIRD PARTIES.

17.2.1 NOTICE OF INFRINGEMENT. If any VALID PATENT CLAIM is infringed by a THIRD PARTY, or any KNOW-HOW utilized in the manufacture, use, import, offer for sale or sale of SELECTED REAGENT or POTENTIAL PRODUCT or COMMERCIAL PRODUCT is misappropriated by a THIRD PARTY, the PARTY first having knowledge of such infringement or misappropriation shall promptly notify the other PARTY in writing. The notice shall set forth the facts of such infringement or misappropriation in reasonable detail.

17.2.2 PROSECUTION OF ACTIONS RELATED TO SELECTED REAGENT.

A. NEKTAR AL shall have the right, but not the obligation, to carry out actions against THIRD PARTIES arising from such THIRD PARTIES' infringement or misappropriation of NEKTAR AL LICENSED TECHNOLOGY covering the manufacture, use, import, offer for sale or sale of a SELECTED REAGENT. **If NEKTAR AL determines that BAXTER is an indispensable PARTY to the action, BAXTER hereby consents to be joined. In such event, BAXTER shall have the right to be represented in that action by its own counsel and at its own expense***.

B. If NEKTAR AL fails to bring an action or proceeding within a period of **sixty (60) days*** after receiving written notice from BAXTER of the possibility of a claim, or otherwise having knowledge of a claim described in Section 17.2.2(A), BAXTER

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shall have the right, but not the obligation, to bring and control any such action using counsel of its own choice, **at its own expense. If BAXTER determines that NEKTAR AL is an indispensable PARTY to the action, NEKTAR AL hereby consents to be joined. In such event, NEKTAR AL shall have the right to be represented in such action using counsel of its own choice, at its own expense. No settlement, consent judgment or other voluntary final disposition of a suit under this Section 17.2.2 may be entered into without the joint consent of NEKTAR AL and BAXTER (which consent shall not be withheld unreasonably)***.

C. AWARDS. If either PARTY brings an action for infringement or misappropriation by a THIRD PARTY under this Section 17.2.2 any damages or other monetary awards or payments in settlement recovered by such PARTY shall be applied first to defray the costs and expenses incurred by both PARTIES in the action. Any remainder shall be shared by the PARTIES as follows: **seventy-five percent (75%) of such remainder shall be retained by BAXTER and twenty-five percent (25%) of such remainder shall be retained by NEKTAR AL***, when the action for infringement or misappropriation relates to a COMMERCIAL PRODUCT; and **(100%) of such remainder shall be retained by NEKTAR AL in all other matters under this Section 17.2.2***.

17.2.3 PROSECUTION OF ACTIONS RELATED TO THE FIELD.

A. Except as set forth in Section 17.2.2, BAXTER shall have the primary right, but not the obligation, to carry out actions against

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THIRD PARTIES arising from such THIRD PARTIES' infringement or misappropriation of NEKTAR AL LICENSED TECHNOLOGY in the FIELD, including the manufacture, use, import, offer for sale or sale of a POTENTIAL PRODUCT or COMMERCIAL PRODUCT. **If BAXTER determines that NEKTAR AL is an indispensable PARTY to the action, NEKTAR AL hereby consents to be joined. In such event, NEKTAR AL shall have the right to be represented in that action by its own counsel and at its own expense***.

B. If BAXTER fails to bring an action or proceeding within a period of sixty (60) days after receiving written notice from NEKTAR AL of the possibility of a claim, or otherwise having knowledge of a claim described in Section 17.2.3(A), NEKTAR AL shall have the right, but not the obligation, to bring and control any such action using counsel of its own choice, **at its own expense. If NEKTAR AL determines that BAXTER is an indispensable PARTY to the action, BAXTER hereby consents to be joined. In such event, BAXTER shall have the right to be represented in such action using counsel of its own choice, at its own expense. No settlement, consent judgment or other voluntary final disposition of a suit under this Section 17.2.3 may be entered into without the joint consent of NEKTAR AL and BAXTER (which consent shall not be withheld unreasonably)***.

C. AWARDS. If either PARTY brings an action for infringement or misappropriation by a THIRD PARTY under this Section 17.2.3 any damages or other monetary awards or payments in settlement recovered by such PARTY shall be applied first to defray the costs

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and expenses incurred by both PARTIES in the action. Any remainder shall be shared by the PARTIES as follows: **seventy-five percent (75%) of such remainder shall be retained by BAXTER and twenty-five percent (25%) of such remainder shall be retained by NEKTAR AL***.

18. [INTENTIONALLY OMITTED]

19. TERM AND TERMINATION

19.1 EXPIRATION. The term of this AGREEMENT (the "TERM") shall commence on the EFFECTIVE DATE and shall continue until terminated as set forth herein. Once a POTENTIAL PRODUCT is a COMMERCIAL PRODUCT and has been commercialized, this AGREEMENT shall expire on a country-by-country basis upon the expiration of all royalty obligations with respect to such COMMERCIAL PRODUCT in the applicable country, unless earlier terminated as provided herein. Upon the expiration of royalty obligations with respect to a COMMERCIAL PRODUCT in any applicable country, BAXTER is hereby granted by NEKTAR AL a paid-up, exclusive, royalty-free, perpetual, non-cancelable, license, with right to sublicense, in the FIELD under the NEKTAR AL LICENSED TECHNOLOGY to make, have made, use, sell, offer for sale and import such COMMERCIAL PRODUCT in such country, **provided that and only for so long as BAXTER and its AFFILIATES and SUBLICENSEES are purchasing their entire requirements of SELECTED REAGENT from NEKTAR AL***. The terms and conditions of such manufacture and supply of SELECTED REAGENT shall be negotiated in good faith by the PARTIES.

19.2 DISCRETIONARY TERMINATION. **BAXTER may terminate this AGREEMENT***, other than pursuant to any other provision of this AGREEMENT, **at any time, without any liability other than the**

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TERMINATION FEE, if applicable*, payable in accordance with Section 19.7.5, upon **ninety (90) days prior written notice***.

19.3 TERMINATION FOR CAUSE. Each PARTY shall have the right to terminate this AGREEMENT by written notice to the other PARTY for a failure to comply with the material terms of this AGREEMENT by the other PARTY, provided such failure to comply is not corrected by the failing PARTY within: (i) **thirty (30) days*** of written notice of any failure to make timely payment of royalties or any other amount that is not in dispute, when due hereunder, or (ii) **ninety (90) days*** of receipt of written notice of any other failure from the non-failing PARTY.

19.4 TERMINATION FOR INSOLVENCY. Either PARTY may terminate this AGREEMENT immediately by written notice in the event: (i) the other PARTY voluntarily enters into bankruptcy proceedings; (ii) the other PARTY makes an assignment for the benefit of creditors; (iii) a petition is filed against the other party under a bankruptcy law, a corporate reorganization law, or any other law for relief of debtors or similar law analogous in purpose or effect, which petition is not stayed or dismissed within **thirty (30) days*** of filing thereof; or (iv) the other PARTY enters into liquidation or dissolution proceedings or a receiver is appointed with respect to any assets of the other PARTY, which appointment is not vacated within **one hundred and twenty (120) days*** (herein a BANKRUPTCY PROCEEDING).

19.5 TERMINATION/**LOSS OF EXCLUSIVITY*** FOR LACK OF DILIGENCE. In the event **BAXTER fails to meet the Development Diligence milestone events set forth in Schedule IV by the corresponding milestone date set forth therein, and such failure is not due to an ACCEPTABLE DELAY and BAXTER has not extended such deadline as set forth below, then NEKTAR AL may, at its option, terminate this AGREEMENT in its entirety**

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or terminate BAXTER'S exclusivity (and convert to non-exclusive)*. In the event **NEKTAR AL elects to terminate BAXTER'S exclusivity, Section 7.1 shall no longer apply but the royalties and MILESTONES*** provided for herein shall continue to apply, except as otherwise set forth in Section 19.5.2. Notwithstanding the foregoing, before **NEKTAR AL*** may provide notice of termination of the AGREEMENT or termination of **BAXTER'S exclusivity under this Section 19.5, NEKTAR AL*** shall call a special meeting of the JOINT STEERING COMMITTEE for the sole purpose of discussing the reasons for **BAXTER'S failure to meet the applicable Development Diligence milestone event set forth in Schedule IV by the corresponding milestone date set forth therein and BAXTER'S plans to remedy such failure***. Such special meeting of the JOINT STEERING COMMITTEE shall be held **as soon as practicable, but in no event later than two (2) weeks from the date on which NEKTAR AL requests such meeting***. At any time during the period commencing on the conclusion of such meeting up through the date that is **three (3) months and two (2) weeks after the applicable milestone date, NEKTAR AL shall notify BAXTER in writing of its election to terminate either the AGREEMENT or BAXTER'S exclusivity. Thereafter, BAXTER will have sixty (60) days to either cure (by meeting such development diligence milestone event) or to extend the milestone date by the duration of the applicable extension period set forth in Schedule IV, by providing written notice of its intent to extend and by paying the applicable extension payment within sixty (60) days thereafter. For clarity, the extension period shall commence at the end of the sixty (60) day cure period. NEKTAR AL shall notify BAXTER in writing of its election to terminate either the AGREEMENT or BAXTER'S exclusivity no later than three (3) months after the expiration of the applicable extension period. For clarity, if BAXTER ceases to develop any POTENTIAL PRODUCT it shall be deemed a termination by BAXTER pursuant to**

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Section 19.2 for purposes of determining whether a TERMINATION FEE is payable by BAXTER. For purposes of this Section 19.5, ceasing to develop a POTENTIAL PRODUCT shall mean that BAXTER has terminated substantially all of its efforts, financial or otherwise, to develop any POTENTIAL PRODUCTS*.

19.5.1 An "ACCEPTABLE DELAY" shall be the failure to meet a Development Diligence milestone event due to:

A. an event of force majeure as described in Section 22.1;

B. any breach by NEKTAR AL, or NEKTAR AL delay, that materially adversely affects BAXTER's ability to meet a relevant Development Diligence milestone event;

C. a dispute or disagreement in one or more of the governance committees (JOINT STEERING COMMITTEE, RESEARCH COMMITTEE, DEVELOPMENT AND PRODUCTION COMMITTEE) which is **sent to Senior Management to be resolved within thirty (30) days or such longer time as Senior Management may mutually agree***;

D. a regulatory requirement that comes into effect after the EFFECTIVE DATE;

E. a development issue involving safety, toxicity, efficacy or pharmacokinetics, or the ability to scale up to commercial manufacturing (including the inability to obtain commercially viable yields);

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F. any other delay deemed to be an ACCEPTABLE DELAY by both PARTIES in writing, the intent of which is to be inclusive of unanticipated delays outside of the control of BAXTER; or

G. **if NEKTAR AL takes more than one hundred eighty (180) days from the date on which NEKTAR AL receives sufficient quantities of BAXTER MATERIALS in order to make CONJUGATES to ship the third shipment of CONJUGATES that are to be shipped by NEKTAR AL to BAXTER as milestone #4 on Schedule II, in which case the Development Diligence milestone dates shall be extended one (1) day for each day in excess of such one hundred eighty (180) day period. Notwithstanding the foregoing, if BAXTER does not timely provide NEKTAR AL with sufficient quantities of a THERAPEUTIC AGENT (either FACTOR VIII or VWF)*** in accordance with the timelines set forth in the RESEARCH PLAN, **NEKTAR AL'S obligation to ship the third shipment of CONJUGATES to BAXTER within one hundred eighty (180) days after the EFFECTIVE DATE shall be extended one (1) day for each day that BAXTER is late in providing sufficient quantities of THERAPEUTIC AGENT to NEKTAR AL***.

In the event the PARTIES cannot agree whether a delay is outside the control of BAXTER and deemed an ACCEPTABLE DELAY, (i) either PARTY may refer the matter to the JOINT STEERING COMMITTEE for resolution, (ii) if the JOINT STEERING COMMITTEE cannot resolve such matter within **thirty (30) days***, then the matter shall be sent to the PARTIES' **senior management representatives*** for resolutions, (iii) if **senior management cannot resolve such matter within forty-five (45) days***, then the PARTIES shall refer the

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matter to a **mutually agreeable professional with expertise*** and/or significant professional experience with respect to the specific subject matter under dispute, such professional shall make a determination within **forty-five (45) days*** of being selected by the PARTIES and such professional's determination shall be conclusive and binding on the PARTIES.

In the case of an ACCEPTABLE DELAY, and except as otherwise set forth in Section 19.5.1(G), the **Development Diligence milestone dates shall be extended for a period of time equal to the delay caused by such event***. In the event **BAXTER terminates development of a POTENTIAL PRODUCT*** due to one or more of these events, the **Development Diligence milestone dates will be reset and the time periods applied to the next POTENTIAL PRODUCT, provided BAXTER commences developing one (or more) different POTENTIAL PRODUCT(S), within ninety (90) days following the termination of the development of such POTENTIAL PRODUCT.**

For example, if BAXTER terminates the development of POTENTIAL PRODUCT #1 due to efficacy issues on June 1, 2006, BAXTER shall have until September 1, 2006 to commence the development of a new POTENTIAL PRODUCT. If BAXTER commences development of this new POTENTIAL PRODUCT on August 1, 2006, the following Development Diligence milestone dates will be in effect*:

(i) **First Milestone Event - April 30, 2008***;

(ii) **Second Milestone Event - April 30, 2009***;

(iii) **Third Milestone Event - October 31, 2011; and***

(iv) **Fourth Milestone Event - October 31, 2015***.

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19.5.2 If, at the time that **NEKTAR*** elects to exercise its rights to terminate this AGREEMENT **(or BAXTER's exclusivity) under Section 19.5, BAXTER has a POTENTIAL PRODUCT that is a PEGYLATED VON WILLEBRAND'S FACTOR in active development (i.e., at least in IND-enabling studies)*** solely for the treatment of **Von Willebrand's disease, then BAXTER shall retain an exclusive license hereunder for POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS for the treatment of Von Willebrand's disease***. In such event, the following shall occur:

(i) The definition of "FIELD" in Section 1.26 shall automatically be narrowed to consist only of **PEGYLATED VON WILLEBRAND'S FACTOR*** for use alone for the treatment of **Von Willebrand's disease***;

(ii) The definition of "THERAPEUTIC AGENT" shall automatically be limited to **VON WILLEBRAND'S FACTOR and protein mimetics, peptide mimetics, and small molecule mimetics thereof**;

(iii) **Section 7.1 shall no longer apply***; and

(iv) All royalty and milestone provisions applicable to such POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS shall remain in effect.

19.6 TERMINATION ON CHALLENGE. **NEKTAR*** may terminate this AGREEMENT by giving written notice to **BAXTER if BAXTER, its AFFILIATES or a SUBLICENSEE initiates a claim against NEKTAR*** challenging the validity of any of the **NEKTAR PATENT RIGHTS***; provided that **NEKTAR*** may not exercise such termination rights if **NEKTAR has**

initiated a claim or action* (whether under contract or other legal theory) **against BAXTER, its AFFILIATES or SUBLICENSEES for failure to pay royalties to NEKTAR under Section 9.2.1 and BAXTER or its AFFILIATES or SUBLICENSEES*** allege in defense of such claim or action that the COMMERCIAL PRODUCT does not infringe a VALID PATENT CLAIM.

19.7 EFFECT OF TERMINATION.

19.7.1 The provisions of Articles **11, 12, 14, 15, 16, 17, 19, 21 and 22 and Section 10.2*** (and in each case together with any defined terms applicable to such provisions) shall survive expiration or termination of this AGREEMENT for any reason whatsoever.

19.7.2 Notwithstanding anything in this AGREEMENT to the contrary, if this AGREEMENT is terminated for any reason other than for cause **due to NEKTAR AL's breach under Section 19.3***:

A. **Prior to execution of the SUPPLY AGREEMENT, BAXTER shall continue to be obligated to purchase and shall purchase SELECTED REAGENT pursuant to any issued purchase orders and binding forecasts pursuant to Article 5, whether or not such SELECTED REAGENT has already been manufactured, and the provisions of the following Sections shall apply (in addition to those specified in Section 19.7.1 above): Sections 5.2, 8.2, 8.3 and 8.4 (and in each case together with any defined terms applicable to such provisions). Any SELECTED REAGENT so manufactured and delivered shall be invoiced to BAXTER in full and paid**

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by BAXTER in accordance with the terms of this AGREEMENT*;

B. BAXTER shall be responsible for all unavoidable costs and expenses, including all costs and expenses incurred by NEKTAR AL under the RESEARCH PLAN or under Section 8.6 and all necessary expenses associated with personnel and THIRD PARTY subcontractors, non-cancelable commitments, and cash outlays incurred by NEKTAR AL in relation to the RESEARCH PLAN and those activities that would reasonably have been required by NEKTAR AL in order to meet BAXTER'S forecasted requirements of SELECTED REAGENT*;

C. BAXTER shall pay NEKTAR AL all earned milestone payments and accrued royalties in accordance with the terms of this AGREEMENT;

D. BAXTER shall be entitled to sell out all remaining stocks of COMMERCIAL PRODUCT under the terms and conditions set forth in this AGREEMENT for a period of time to be negotiated in good faith and agreed upon by the PARTIES in the SUPPLY AGREEMENT*. Subject to the foregoing, if this AGREEMENT is terminated for any reason whatsoever, any licenses and sublicenses granted under this AGREEMENT shall automatically terminate and all

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licensed rights shall revert in their entirety to the respective licensor; and

E. Termination of this AGREEMENT by a PARTY shall not be an exclusive remedy and all other remedies will be available to the terminating PARTY, in equity and at LAW, subject to the limitations and exclusions that are provided for in this AGREEMENT.

19.7.3 If this AGREEMENT is terminated by **BAXTER under Section 19.2, or by NEKTAR AL under Sections 19.3, 19.4, 19.5 or 19.6***, then on the effective date of such termination, **BAXTER hereby agrees that it and its AFFILIATES, SUBLICENSEES and (if any under the JOINTLY OWNED TECHNOLOGY) licensees, following any such termination, shall no longer use, license, assign, practice or otherwise exploit, for whatever purpose, any of its or their rights in or under any of the JOINTLY OWNED TECHNOLOGY***, including any of the intellectual property rights therein, including any JOINT PATENT APPLICATIONS and JOINT PATENTS covering such JOINTLY OWNED TECHNOLOGY. As of the effective date of such termination, **NEKTAR AL shall have the sole right, at its expense, to file, prosecute and maintain JOINT PATENT APPLICATIONS and JOINT PATENTS covering JOINTLY OWNED TECHNOLOGY. In addition, NEKTAR AL*** shall have the sole right, as between NEKTAR AL and BAXTER, to bring actions against THIRD PARTIES arising from such THIRD PARTIES' infringement or misappropriation of JOINTLY OWNED TECHNOLOGY. **If NEKTAR AL determines that BAXTER is an indispensable PARTY to any such action, BAXTER hereby consents to be joined. For the avoidance of doubt, BAXTER shall**

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remain free to use any BAXTER INVENTIONS and/or JOINT INVENTIONS which have been assigned or which are assignable to BAXTER pursuant to Section 15.5, including any of the intellectual property rights therein*.

19.7.4 In the event of a BANKRUPTCY PROCEEDING, NEKTAR AL hereby agrees to grant and hereby grants to BAXTER and its AFFILIATES, and the PARTIES agree that this AGREEMENT shall be deemed an executory contract and that BAXTER and its AFFILIATES shall be deemed to retain, an exclusive, perpetual, non-cancelable, license, with rights to sublicense as provided for herein, in the FIELD under the NEKTAR AL LICENSED TECHNOLOGY to develop, make, have made, import, export, use, sell and have sold POTENTIAL PRODUCTS and COMMERCIAL PRODUCT(S) in the FIELD; provided that BAXTER shall continue to fulfill its MILESTONES and royalty payment obligations under this AGREEMENT. BAXTER agrees to pay NEKTAR AL, or any trustee, in such BANKRUPTCY PROCEEDING a royalty for such a license equivalent to the license royalty provision provided in this AGREEMENT. In addition to the surviving Sections in Section 19.7.1, Sections 9.2, 9.3, 9.5 and 9.6 shall survive termination or expiration of this Agreement.

19.7.5 TERMINATION FEE. If this AGREEMENT is terminated by BAXTER under Section 19.2, BAXTER shall pay to NEKTAR AL a termination fee ("TERMINATION FEE") within **sixty (60) days*** after the effective date of such termination as follows: (i) if such termination occurs prior to the payment to NEKTAR AL of all of the **Total Product Development and Pre-clinical Milestones in Schedule II (i.e., $11,000,000)***, then the TERMINATION FEE shall be equal to **the difference between eleven million DOLLARS ($11,000,000) and the sum of those MILESTONES**

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already paid by BAXTER to NEKTAR AL under Schedule II*, (ii) if such termination occurs after payment to NEKTAR AL of all of the **Total Product Development and Pre-clinical Milestones in Schedule II (i.e., $11,000,000) but prior to the successful completion of the first PHASE 2 CLINICAL TRIAL of a POTENTIAL PRODUCT***, then the TERMINATION FEE shall be **one million five hundred thousand DOLLARS ($1,500,000)***; (iii) if such termination occurs after the successful completion of the **first PHASE 2 CLINICAL TRIAL of a POTENTIAL PRODUCT and payment of the MILESTONE therefor but before the successful completion of the first PIVOTAL TRIAL of a POTENTIAL PRODUCT***, then the TERMINATION FEE shall be **two million five huodred thousand DOLLARS ($2,500,000)***; and (iv) if such termination occurs after the successful completion of the **first PIVOTAL TRIAL of a POTENTIAL PRODUCT and payment of the MILESTONE therefor, but before the first MARKETING AUTHORIZATION is received for a COMMERCIAL PRODUCT***, then the TERMINATION FEE shall be **five million DOLLARS ($5,000,000)***. In addition to the foregoing and, if applicable, if a COMMERCIAL PRODUCT is not launched within **one (1) year*** after the date on which **MARKETING AUTHORIZATION is received for such COMMERCIAL PRODUCT, then BAXTER shall pay NEKTAR AL ten million DOLLARS ($10,000,000)***. Notwithstanding the foregoing, if BAXTER terminates the AGREEMENT under Section 19.2 due to a COMMERCIAL FAILURE, the TERMINATION FEE **set forth in this Section 19.7.5 shall not be due***. "COMMERCIAL FAILURE" means:

(i) **the failure to meet the specifications and/or criteria identified in the RESEARCH PLAN, including satisfactory extension of**

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half-life and meeting clinical endpoints, as defined by the RESEARCH COMMITTEE*;

(ii) a development issue involving safety, toxicity, efficacy or pharmacokinetics*;

(iii) inability to acceptably scale up to commercial manufacturing*;

(iv) new leapfrogging technology or major change in market conditions (for example, the intravenous treatment of Hemophilia A being rendered obsolete by an intervening technology, such as an orally administered FACTOR VIII therapy or gene therapy) where such new technology accounts for at least 75% of the market for the treatment of Hemophilia A*;

(v) a regulatory requirement that comes into effect after the EFFECTIVE DATE that would materially and adversely alter the development of any POTENTIAL PRODUCT as contemplated by the RESEARCH PLAN; or*

(vi) if, (A) BAXTER's patent group eliminates each and every one of the NEKTAR PROPRIETARY REAGENTS and substitutes that are provided by the RESEARCH COMMITTEE and NEKTAR AL, respectively, under Section 9.6 because the patent risks associated therewith are unacceptable, or (B) within two (2) months of the RESEARCH COMMITTEE'S selection of a SELECTED REAGENT, BAXTER gives written notice to NEKTAR AL that the composition of matter or method of manufacture of the SELECTED REAGENT contained in a POTENTIAL PRODUCT is reasonably believed by BAXTER to potentially

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infringe a PATENT of a THIRD PARTY and, within two (2) months of the receipt of such notice, NEKTAR AL is unable to provide an equivalent or better substitute which BAXTER does not reasonably believe has the potential of infringing a THIRD PARTY'S PATENT and BAXTER believes that the risk of obtaining a license under such PATENT necessary to use, manufacture, import, sell, or offer for sale such POTENTIAL PRODUCT or COMMERCIAL PRODUCT is unacceptable*.

For clarity, if this AGREEMENT is terminated by BAXTER in connection with a COMMERCIAL FAILURE, there shall be **no further financial obligations owed by BAXTER to NEKTAR AL other than those set forth in Section 19.7.2***.

20. ASSIGNMENT

Unless otherwise expressly permitted hereunder, neither PARTY may assign any of its rights or delegate any of its duties under this AGREEMENT without the prior written consent of the other PARTY, except that either PARTY may assign any or all of its rights and/or responsibilities hereunder without the other PARTY'S consent as part of: (i) the sale of all or substantially all of the assets or the entire business to which this AGREEMENT relates, (ii) a merger, consolidation, reorganization or other combination with or into another person or entity; or (iii) the transfer or assignment to an AFFILIATE, in each case, pursuant to which the surviving entity or assignee assumes the assigning or merging PARTY'S obligations hereunder. Any assignment made in violation of this Article 20 shall be null and void.

21. NOTICES

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Wherever notice is required or permitted hereunder, it shall be by personal delivery, first class mail, overnight delivery service, or sent by facsimile transmission, with electronic confirmation, properly directed to the PARTY at its address and contact information listed below. Said address and contact information may be changed from time to time by similar written notice.

If to BAXTER, addressed to:

Baxter Healthcare Corporation
One Baxter Parkway
Deerfield, Illinois 60015
Attention: **General Counsel***
Telephone: **847.948.3225***
Facsimile: **847.948.2450***

Baxter Healthcare SA
CH-8304 Wallisellen
Zurich, Switzerland
Attention: **President***
Telephone: **41 1 878 6199***
Facsimile: **41 1 878 6352***

With copies to:

Baxter Healthcare Corporation

One Baxter Parkway
Deerfield Illinois 60015
Attention: **President, Venture Management***
Telephone: **847.940.6255***
Facsimile: **847.940.6271***

Baxter Healthcare SA
CH-8304 Wallisellen
Zurich, Switzerland
Attention:
Telephone: **41 1 878 6199***
Facsimile: **41 1 878 6352***

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If to NEKTAR AL, addressed to:

NEKTAR Therapeutics AL, Corporation
1112 Church Street
Huntsville, AL 35801
Attention: **Contract Management***
Facsimile: **(256) 704-7648***

With a copy to:

Nektar Therapeutics
150 Industrial Road
San Carlos, CA 94070-6256
Attention: **Vice President, Corporate Legal***
Facsimile: **(650) 620-5360***

22. MISCELLANEOUS

22.1 FORCE MAJEURE. Except for each PARTY's confidentiality and indemnity obligations, the obligations of either PARTY under this AGREEMENT shall be excused during each period of delay caused by matters such as acts of God, strikes, supplier delays, failure of utilities or common carriers, shortages of raw materials, government orders, sufferance of or voluntary compliance with acts of government or governmental regulation, or acts of war or terrorism, which are reasonably beyond the control of the PARTY obligated to perform. Force majeure shall not include a lack of funds, bankruptcy or other financial cause or disadvantage, and force majeure shall not excuse or delay any PARTY'S payment obligations under this AGREEMENT. Nothing contained in this AGREEMENT shall affect either PARTY's ability or discretion regarding any strike or other employee dispute or disturbance and all such strikes, disputes or disturbances shall be deemed to be beyond the control of such PARTY. A condition of force majeure shall be deemed to continue only so long as the affected PARTY shall be taking all

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reasonable actions necessary to overcome such condition. If either PARTY shall be affected by a condition of force majeure, such PARTY shall give the other PARTY prompt notice thereof, which notice shall contain the affected PARTY'S estimate of the duration of such condition and a description of the steps being taken or proposed to be taken to overcome such condition of force majeure. Any delay occasioned by any such cause shall not constitute a default, breach or failure under this AGREEMENT, and the obligations of the PARTIES shall be suspended during the period of delay so occasioned. During any period of force majeure, the PARTY that is not directly affected by such condition of force majeure may take any reasonable action necessary to mitigate the effects of such condition of force majeure.

22.2 SEVERABILITY. All the terms and provisions of this AGREEMENT are distinct and severable, and if any term or provision is held unenforceable, illegal or void in whole or in part by any court, regulatory authority or other competent authority it shall to that extent be deemed not to form part of this AGREEMENT, and the enforceability, legality and validity of the remainder of this AGREEMENT shall not be affected thereby.

22.3 VARIATION. This AGREEMENT may not be amended, varied or modified in any manner except by an instrument in writing signed by a duly authorized officer or representative of each PARTY hereto.

22.4 FORBEARANCE AND WAIVER. No waiver by a PARTY in respect of any breach shall operate as a waiver in respect of any subsequent breach. No forbearance, failure or delay by a PARTY in exercising any right or remedy shall operate as a waiver thereof, nor shall any single or partial forbearance, exercise or waiver of any right or remedy prejudice its further exercise of any right or remedy under this AGREEMENT or at LAW.

22.5 COUNTERPARTS; FACSIMILE. This AGREEMENT may be executed in more than one counterpart, each of which constitutes an original and all of which together shall constitute one enforceable agreement. For purposes of this AGREEMENT and any other document required to be delivered pursuant to this AGREEMENT, facsimiles of signatures shall be deemed to be original signatures. In addition, if any of the PARTIES sign facsimile copies of this AGREEMENT, such copies shall be deemed originals.

22.6 NO PARTNERSHIP. The relationship of the PARTIES is that of independent contractors and this AGREEMENT shall not operate so as to create a partnership or joint venture of any kind between the PARTIES.

22.7 CONSTRUCTION. The PARTIES have participated jointly in the negotiation and drafting of this AGREEMENT. In the event that an ambiguity or question of intent or interpretation arises, this AGREEMENT shall be construed as if drafted jointly by the PARTIES and no presumption or burden of proof shall arise favoring or disfavoring any PARTY by virtue of the authorship of any of the provisions of this AGREEMENT. Except where the context otherwise requires, where used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders and the word "or" is used in the inclusive sense (and/or). The captions of this AGREEMENT are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this AGREEMENT or the intent of any provision contained in this AGREEMENT. The term "includes" and "including" as used herein means including, but not limited to.

22.8 ENTIRE AGREEMENT. This AGREEMENT and the Schedules and Exhibit attached hereto constitute the entire understanding between the PARTIES and supersedes any prior or contemporaneous written or oral understanding, negotiations or agreements between and among them respecting the subject matter

hereof. This AGREEMENT may not be modified or amended other than by a writing signed by both PARTIES' duly authorized officers. This AGREEMENT shall be binding upon, and inure to the benefit of, the PARTIES and their respective successors and assigns.

22.9 GOVERNING LAW. This AGREEMENT shall be governed by and construed in accordance with tbe LAWS of the State of California without regard to its or any other jurisdiction's choice of law rules. Any disputes under this AGREEMENT shall be brought in the state or federal courts located in California. The PARTIES submit to the personal jurisdiction of such courts for any such action, agree that such courts provide a convenient forum for any such action, and waive any objections or challenges to venue with respect to such courts.

22.10 PUBLICITY. Neither PARTY shall make any public announcement concerning this AGREEMENT without the prior written consent of the other PARTY, unless counsel to such PARTY advises that such announcement or statement may bc required by LAW (including applicable stock exchange rule). In the case of an announcement required by LAW, the other PARTY shall bc advised in advance and both PARTIES shall usc good faith efforts to cause a mutually agrceable announcement to be issued in a timely basis. Notwithstanding the foregoing, NEKTAR AL and BAXTER shall prepare and issue a joint press release acceptable to both PARTIES announcing the relationship created under this AGREEMENT.

[Signature Page Follows.]

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

IN WITNESS WHEREOF, the PARTIES hereto have caused their authorized representatives to execute this AGREEMENT by signing below:

Signed:

For and on behalf of:	For and on behalf of:
NEKTAR Therapeutics AL, Corporation	Baxter Healthcare Corporation
Signature **/s/ Jennifer A. Filbey***	Signature: **/s/ Victor W. Schmitt***
Name: **Jennifer A. Filbey***	Name: **Victor W. Schmitt***
Title: **Vice President, Business Development***	Title: **President Venture Management***

For and on behalf of:

Baxter Healthcare SA

Signature: **/s/ Victor W. Schmitt***

Name: **Victor W. Schmitt***

Title: **President Venture Management***

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SCHEDULE I
RESEARCH PLAN

FACTOR VIII and VWF CONJUGATES can be interchanged in the RESEARCH PLAN. Sufficient quantities of VWF and FACTOR VIII for PEGYLATION are anticipated to be received by NEKTAR AL by October 28, 2005. If possible, BAXTER will provide small quantities of FACTOR VIII and VWF prior to this date for NEKTAR AL to begin initial evaluation.

The information contained in this exhibit has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Schedule 1

Baxter Research Plan -

Exclusive Research Development and License Agreement Baxter - NEKTAR

Structural and functional characterization of PEG-rVWF

Preamble:

The current plan and methods represent the state of the art based on knowledge and experience as of September 2005. Methods are subject to change or subject to development. Therefore, modifications of this program and the requirements described in there may be modified upon decision by the RESEARCH COMMITTEE.

In vitro analysis

Screening tests for candidate selection

- **Determination of the amount of VWF-protein**

  VWF:Ag ELISA: using a commercially available polyclonal antibody in an in-house sandwich ELISA. The assay measures the amounts of VWF-molecules capable to react with the antibody. If the PEGylation destroys the epitopes, less antigen could be detected. Compared to a protein-determination (to be done by Nektar) it also gives some information on the integrity of the molecule

- **Functional activity of VWF**

  Ristocetin Cofactor Activity - measures one of the main biological functions of VWF, which is „docking" the platelets onto the injured vessel wall. The assay detects the integrity of the appropriate binding sites, thus reflecting the in-vivo activity of the VWF in primary hemostasis.

- **FVIII Binding capacity**

  In vivo VWF serves as a carrier for FVIII, and FVIII is liberated from VWF upon activation by thrombin. This function is measured by an ELISA combined with a Chromogenic Assay (ECA). Preincubated FVIII and VWF is captured by a polyclonal antibody against VWF coated in an ELISA plate, and after washing out the excess of FVIII the bound FVIII is determined by a chromogenic assay. Thus the assay measures not only the FVIII binding capacity of VWF, but also capability of FVIII to be released.

- **Changes in the Molecular Weight of VWF monomers – indirect measure of PEGylation degree** SDS PAGE (under reducing conditions) followed by silver staining.

After reduction, the mature VWF shows a single band with a MW of ~ 260 kD. Depending on the applied PEG-variant and the number of bound PEG, an increase in MW could be observed. A sharp, distinct band hints the homogeneity of PEGylation, while the appearance of a blurred, broadened band suggests the unequal distribution of PEG between the monomers.

- **Integrity of the multimer structure of VWF** Multimer Analysis - using two SDS-Agarose gel systems for low and high resolutions

  The low-resolution gel allows counting the number of multimers, and also shows the distribution between the lower and higher multimeric forms. An appearance of a smear iustead of the distinct bands is a sign of successful PEGylation.

  The high-resolution gel shows the fine structure of the various multimers, thus detecting the changes in the molecular weight.

Candidate choice criteria

VWF:Ag ELISA	< 20 % decrease in Ag / total protein ratio relative to starting material
SDS-PAGE	MW increase >10% or substantial broadening of the band; no degradation bands
Multimer Analysis	
low resolution gel	No substantial decrease in multimer size
high resolution gel	Recognizable MW increase
Ristocetin Cofactor Activity	< 50 % decrease in RCo/Ag ratio relative to starting material
FVIII Binding Capacity	
ECA	>=80 % residual binding capacity
Prolonged in vivo half life	ee below

Analysis of the best three candidates

- **Repetition of the screening assays**

- **FVIII binding affinity**

  The affinity of FVIII binding to the available binding sites on VWF could be determined hy Surface Plasmon Resonance Technology (BIACORE). VWF is bound to the surface of an appropriate chip, and the kinetic parameters of FVIII binding are determined.

  Further analytical methods will be developed to establish the system under controlled shear stress conditions, which could simulate the in vivo situations

- **Chemical analysis**

The presence of free functional groups in VWF (e.g. thiols and amino groups) can be determined by different classical chemical methods before and after PEGylation.

Ellmann's reagent [5,5'-dithiobis(2-nitrobenzoic acid): By use of this reagent free SH - groups can be detected and quantified.

Trinitrobenzensulfonic Acid (TNBS) and Fluorescamine can be used for the titration and quantification of free amino groups.

In vivo analysis

Screening tests – for candidate selection

- **Determination of half life of PEG-VWF and determination of the effect of PEG-VWF on the half life of co-injected human rFVIII in a hemophilia A monse model**

  Determination of FVIII activity (chromogenic assay) and VWF antigen from ex vivo samples.

Candidate choice criteria

At least two-fold increase in half life of VWF by PEGylation.

At least two-fold increase in half life of co-injected rFVIII

Analysis of best three candidates

- **Determination of the circulating half life of PEG-VWF and its effect on the endogenous FVIII level in a VWF deficient mouse model**

  Determination of FVIII activity (chromogenic assay), VWF antigen and electrophoretic analysis from ex vivo samples.

- **Determination of the effect of PEG-VWF on the half life of co-injected human rFVIII in a hemophilia A mouse model**

  Analysis of FVIII activity (chromogenic assay), VWF antigen and electrophoretic analysis from ex vivo samples.

- **Prolonged efficacy of co-injected rFVIII to correct bleeding in a hemophilia A mouse model (comparative analysis with non-PEGylated rVWF)**

  Comparative analysis in a mouse bleeding model. Assessment of prolonged efficacy to correct bleeding, based on increased half life.

  Additional animal models are subject to development.

Final Candidate selection criteria:

- Retained VWF structure and function (best candidate choice criteria based on the in vitro analysis)
- At least two-fold increase in half life of VWF by PEGylation and at least two-fold increase in half life of co-injected rFVIII in a hemophilia A mouse model.
- At least two-fold increase in endogenous FVIII and at least two-fold increase in VWF half life in a VWD mouse model after application of PEG-rVWF (compared to normal rVWF).
- Substantially prolonged efficacy of circulating co-injected rFVIII to correct bleeding in hemophilia A animal models.
- Immunogenicity and antigenicity should be additionally investigated from a preparation that has been produced under sterile and pyrogen free conditions. No increase in immunogenicity and antigenicity must occur.

Material demand for analysis at BAXTER for screening tests

30 mg of total VWF antigen per candidate for screening experiments of the following quality:

- Free of excess PEGylation reagents; pyrogen free and sterile filtered in a physiological buffer - suitable for in vitro and in vivo experiments
- Minimum concentration of 10 VWF: Ag U/ml – at least 500 nM corresponding to 100 µg/ml unmodified protein (MW increase should be taken into consideration).
- Aliquotes: 5 vials with 500 µl, 10 vials with 200 µl for analytics. For animal trials, the material should be in ~1mg aliquots, depending on the VWF concentration.
- Nektar should give the following information:

  Buffer composition

  All analytical data available (total protein, purity results (e.g. HPLC), bound PEG content, free PEG content).

Schedule 1
Baxter Research Plan -
Exclusive Research Development and License Agreement Baxter - NEKTAR

Structural and functional characterization of PEG-FVIII

Preamble:

The current plan and methods represent the state of the art based on knowledge and experience as of September 2005. Methods are subject to change or subject to development. Therefore, modifications of this program and the requirements described in there may be modified upon decision by the RESEARCH COMMITTEE.

In vitro analysis

Screening tests for candidate selection

- **Determination of the FVIII activity**

  FVIII: Chromogenic assay: using a commercially available assay based on the measurement of factor Xa generation with a chromogenic substrate.

  Factor VIII serves as a cofactor to FIXa in the activation of FX. The assay measures the capability of FVIII to work as a cofactor for FIXa after activated by thrombin.

  FVIII: Clotting assay: The assay measures the capability of FVIII to correct the prolonged clotting time (activated partial thromboplastin time, APTT) of a FVIII deficient plasma thus measuring the function of FVIII in the intrinsic pathway.

- **Determination of the FIXa cofactor activity**

  The FIXa cofactor assay: The kinetics of the assembly and activity of the FIXa-FVIII complex is regulated by FVIII. The FIXa-cofactor activity assay is a highly sensitive method with a real-time measurement of the rate of assembly and the FVIII-dependent activity of the FIXa-FVIIIa-PL complex. To function as a cofactor in the FIXa/FVIII complex FVIII has to be liberated from its natural carrier protein von Willebrand Factor upon activation by thrombin. The delay in the assembly of the complex measured in the absence of thrombin is a signal for the FVIII/VWF interaction.

- **Binding of FVIII to VWF**

  The capability of FVIII binding to VWF will be determined by a combined ELISA and chromogenic assay (assuming that FVIII retained its chromogenic activity).

- **SDS-PAGE**

Characterization of the integrity of the domain structure and assessment of modification level by SDS-PAGE followed by silver-staining and/or immunoblotting with various antibodies.

Candidate selection criteria

At least 50 % activity in all functional in vitro screening tests. Prolonged in vivo half life (see below).

Due to the lack of analytical experience with a PEGylated FVIII molecule, the exact criteria will be determined after the first successful PEGylation.

Analysis of the best three candidates

- **Repetition of the screening assays**

- **Thrombin-induced structural and functional changes of FVIII**

  Thrombin treatment of FVIII results in a rapid increase and subsequent decrease in its procoagulant activity, which can be detected by the FIXa cofactor assay.

  This activation and inactivation coincides with specific limited proteolysis both in the heavy and the light chains. The visualization of these changes by an SDS-PAGE immunoblotted with various antibodies is a sensitive measure of the structural integrity of the FVIII molecule. (Prerequisite is that PEG-FVIII can react with the appropriate antibody)

- **Binding of FVIII to VWF**

  The affinity of FVIII binding to its chaperon protein, VWF could he determined by Surface Plasmon Resonance Technology (BIACORE). VWF is bound to the surface of an appropriate chip, and the kinetic parameters of FVIII binding are determined.

- **Binding of FVIII to PL vesicles**

  Under physiological conditions FVIII binds to negatively charged PL. The affinity of the specific binding of FVIII to PC:PS vesicles can be determined by the highly sensitive Surface Plasmon Resonance technology (Biacore).

- **Binding of FVIII to specific antibodies**

  One of the major problems of hemophilia treatment is the appearance of inhibitory antibodies. The affinity of the specific binding of FVIII to different monoclonal antibodies can be determined by the highly sensitive Surface Plasmon Resonance technology (Biacore).

- **Determination of the FVIII activity by a thrombin generation assay**

  FVIII:TGA The assay measures the capability of FVIII to correct the decreased thrombin generating capacity of a FVIII deficient plasma, when triggered by low tissue factor (TF) and phospholipid (PL). The assay simulates the physiological conditions, occuring in a hemophilic patient, and thus measures the real haemostatic potency of the product. The assay is very sensitive even below 0.01 U/ ml of FVIII.

In vivo analysis

Screening tests for candidate selection

- **Determination of half life of PEG-FVIII in a hemophilia A mouse model**

  Analysis of FVIII activity (chromogenic assay) and VWF antigen (where suitable) in ex vivo samples.

Candidate choice criterion

At least two-fold in vivo half life compared to non-PEGylated FVIII

Analysis of best three candidates

- **Determination of the circulating half life of PEG-FVIII in a hemophilia A mouse model**

  Analysis of FVIII activity (chromogenic assay) from ex vivo samples.

- **Bleeding model in FVIII-deficient mice**

  Comparative analysis of rFVIII and PEGylated rFVIII in a mouse bleeding model. Assessment of prolonged efficacy to correct bleeding, based on increased half life.

  Additional animal models are subject to development.

Final candidate selection criteria

- Fully retained FVIII structure and function as determined by the in vitro analysis
- At least two fold prolongation of FVIII half life in a FVIII deficient mouse model
- Substantially prolonged efficacy of circulating PEG-FVIII to correct bleeding in hemophilia A animal models.

- Immunogenicity and antigenicity should be additionally investigated from a preparation that has been produced under sterile and pyrogen-free conditions. No increase in immunogenicity and antigenicity must occur.

Material demand for analysis at BAXTER for screening tests

1 mg PEG-rFVIII per candidate for screening experiments of the following quality:

- Free of excess PEGylation reagents; pyrogen free and sterile filtrated – in a physiological buffer - suitable for animal experiments
- Minimum concentration of 25 U/ml – at least 75 nM – corresponding to 2.5 µg/ml unmodified protein (MW increase should be taken in consideration).
- Aliquots: 5 vials with 500 µl, 10 vials with 200 µl for analytics. For animal trials, material should be aliquoted in ~ 0.05 mg per vial, depending on the FVIII concentration.
- Nektar should give the following information:

  Buffer composition

  All analytical data available (total protein, purity results (e.g. HPLC), bound PEG content, free PEG content)

SCHEDULE II

Milestones

Pursuant to Section 9.1, the following milestone payments ("MILESTONES") shall be payable by BAXTER to NEKTAR AL upon occurrence of the following milestone events with respect to the first POTENTIAL PRODUCT or COMMERCIAL PRODUCT (as the case may be). In the event BAXTER makes a payment to NEKTAR AL to extend a Development Diligence milestone event pursuant to Schedule IV, the milestone payment following such extension shall be reduced by such amount.

Milestone Payments	USD MM
1a. Milestone Milestone Definition: Total upfront payment Milestone Success Criterion: Signature of this AGREEMENT	4.0
1b. Milestone Milestone Definition: Pre-payment for Nektar FTEs Milestone Success Criterion: Signature of this AGREEMENT	1.0
2. Milestone Milestone Definition: First CONJUGATES Shipment by NEKTAR AL Milestone Success Criterion: Receipt by BAXTER of first shipment of CONJUGATES*	0
3. Milestone Milestone Definition: Second CONJUGATES Shipment by NEKTAR AL Milestone Success Criterion: Receipt by BAXTER of second shipment of CONJUGATES*	0.5
4. Milestone Milestone Definition: Third CONJUGATES Shipment by NEKTAR AL Milestone Success Criterion: Receipt by BAXTER of third shipment of CONJUGATES*	-0-
5. Milestone Milestone Definition: Selection of lead candidate for POTENTIAL PRODUCT and BAXTER's receipt of NEKTAR AL'S fully-burdened cost of manufacturing the SELECTED REAGENT for such POTENTIAL PRODUCT at the lab scale. Milestone Success Criterion: Consensus agreement by RESEARCH COMMITTEE on selection of lead candidate for POTENTIAL PRODUCT after BAXTER'S receipt of NEKTAR AL'S fully-burdened cost of manufacturing the SELECTED REAGENT for such POTENTIAL PRODUCT at the lab scale. One-time Sales Milestones:	1

The information contained in this exhibit has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

6. Milestone

Milestone Definition: Successful completion of technology transfer of PEGYLATION process Part I — 1

Milestone Success Criterion: Delivery of detailed description of synthetic and analytical methods for each POTENTIAL PRODUCT pursuant to Section 2.6

7. Milestone

Milestone Definition: Successful completion of technology transfer of PEGYLATION process Part II — 1

Milestone Success Criterion: Third lab scale conformance batch of POTENTIAL PRODUCT pursuant to Section 2.6 meets specifications defined by the RESEARCH COMMITTEE and DEVELOPMENT AND PRODUCTION COMMITTEE

8. Milestone

Milestone Definition: Finalization of pharmacological and toxicological pre-clinical studies — 2.5

Milestone Success Criterion: POTENTIAL PRODUCT shows a pharmacological and toxicological product profile acceptable for use in humans

Total Product Development and Pre-clinical Milestones — 11

9. Milestone

Milestone Definition: Successful completion of the first PHASE 2 CLINICAL TRIAL — 3

Milestone Success Criterion: Successful completion of the final clinical study report (CSR) of the first PHASE 2 CLINICAL TRIAL and demonstration that all of the following goals were achieved:

i. (median) biological half-life of greater than 22 hours (or achievement of primary efficacy endpoint)
ii. no de novo inhibitors
iii. no unexpected, related severe adverse events (SAEs)

10. Milestone

Milestone Definition: Successful completion of the first PIVOTAL TRIAL in adults — 5

Milestone Success Criterion: Successful completion of the final clinical study report (CSR) of the first PIVOTAL TRIAL in adults and demonstration that all of the following goals were achieved:

i. a breakthrough rate of bleeding using the study drug for prophylaxis at the chosen dosing regimen that is not statistically worse than that achieved with standard prophylaxis regimens with

Advate (or achievement of efficacy primary endpoint);

ii. an inhibitor incidence that is acceptable to both the FDA and EMEA based on guidelines current at the time of the study; and

iii. no unexpected, related severe adverse events (SAEs)

MARKETING AUTHORIZATION Milestones:

11. Milestone Milestone Success Criterion: first COMMERCIAL PRODUCT receives MARKETING AUTHORIZATION in US	10
12. Milestone Milestone Success Criterion: first COMMERCIAL PRODUCT receives MARKETING AUTHORIZATION in EU	10

One-time Sales Milestones:

13. Milestone First year that annual sales exceed $500 million	10
14. Milestone First year that annual sales exceed $1.0 billion	35
Total Upfront and Milestone Payments	**84**

* CONJUGATES shall be deemed accepted by BAXTER upon receipt unless BAXTER can demonstrate by means of an acceptable separation method, including HPLC testing or other comparable method to be agreed by the PARTIES in writing, within ten (10) days after receipt, that such CONJUGATES do not have the same purity as the purity reported by NEKTAR AL, plus or minus twenty percent (20%)

SCHEDULE III

QUALITY AGREEMENT

BETWEEN

NEKTAR THERAPEUTICS AL, CORPORATION

AND

BAXTER HEALTHCARE SA

AND

BAXTER HEALTHCARE CORPORATION

DATED [•], 200[•]

The information contained in this exhibit has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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QUALITY AGREEMENT

This Quality Agreement ("QUALITY AGREEMENT") outlines the roles, responsibilities, deliverables and time requirements with respect to the quality assurance of the SELECTED REAGENT produced by NEKTAR AL for BAXTER under this QUALITY AGREEMENT. NEKTAR AL will produce the SELECTED REAGENT in a manner compliant with all LAWS and regulations applicable to BAXTER'S intended use of the SELECTED REAGENT in pharmaceutical manufacturing in the TERRITORY.

The effective date of this QUALITY AGREEMENT shall be _____. [*First QUALITY AGREEMENT entered into prior to commencing the first non-clinical study which is intended to support a PHASE I CLINICAL TRIAL of the applicable POTENTIAL PRODUCT (and subsequently amended as needed). A new QUALITY AGREEMENT shall be entered into prior to commencing a PIVOTAL TRIAL of such POTENTIAL PRODUCT (and subsequently amended as needed).*]

The PARTIES entered into the EXCLUSIVE RESEARCH, DEVELOPMENT, LICENSE AND MANUFACTURING AND SUPPLY AGREEMENT on September 26, 2005 (the "DEVELOPMENT & LICENSE AGREEMENT").

Unless otherwise defined in Attachment A herein, all terms used herein will have the same meaning as the definitions provided in the DEVELOPMENT & LICENSE AGREEMENT.

1. Amendments

1.1 This QUALITY AGREEMENT will be updated and amended from time to time as the PARTIES learn more about the SELECTED REAGENT, as needed. All changes to this QUALITY AGREEMENT must be approved in writing by authorized representatives of the Quality Assurance Departments from BAXTER and NEKTAR AL.

2. Change Control

NEKTAR AL will utilize a documented system of procedures for the control of changes to systems, facilities, processes, procedures, raw materials, packaging materials, suppliers, equipment, manufacturing methods, BATCH size, and analytical testing and release requirements ("CHANGE CONTROL"). REPORTABLE CHANGES on the SELECTED REAGENT (Attachment B), and the timing of the implementation of such changes must be approved in writing by BAXTER prior to implementation. NEKTAR AL must provide a summary of the REPORTABLE CHANGE and the CHANGE CONTROL FORM for BAXTER'S consideration. A SIGNIFICANT DEVIATION on the SELECTED REAGENT must be approved by BAXTER prior to shipment of the SELECTED REAGENT. NEKTAR AL must provide a copy of a summary report(s) on all SIGNIFICANT DEVIATION relating to the SELECTED REAGENT (Attachment C) for BAXTER'S consideration. BAXTER shall have the right to refuse at its discretion any BATCH that has experienced a SIGNIFICANT DEVIATION.

3 Regulatory

3.1 Regulatory Filings

For US regulatory submissions, NEKTAR AL will prepare a DMF for the SELECTED REAGENT with assistance from BAXTER as required by NEKTAR AL. NEKTAR AL will file the DMF with the FDA and will own the DMF. NEKTAR AL will grant BAXTER the right to reference such DMF. NEKTAR AL will be responsible for performing routine maintenance and updating the DMF to ensure it remains current, and BAXTER shall fund such activities by NEKTAR AL in accordance with Section 8.6.2 of the DEVELOPMENT & LICENSE AGREEMENT.

3.1.2 For non-US regulatory submissions, NEKTAR AL will provide BAXTER with those relevant sections, appropriately redacted, of the US DMF needed for regulatory submission of the POTENTIAL/COMMERCIAL PRODUCT. Such sections will provide sufficient data to satisfy the regulatory requirements of those jurisdictions to achieve registration for the POTENTIAL/COMMERCIAL PRODUCT. BAXTER and NEKTAR AL

will work together to minimize public disclosure of NEKTAR CONFIDENTIAL INFORMATION related to any regulatory submission.

3.1.3 NEKTAR AL will respond to any questions from regulatory authorities in a timely manner, consistent with NEKTAR AL standard operating procedures and the requirements of the DEVELOPMENT & LICENSE AGREEMENT.

3.1.4 NEKTAR AL will provide BAXTER with sufficient notice and detail of all REPORTABLE CHANGES prior to implementation of any required updates to the filed DMF for the SELECTED REAGENT.

3.1.5 Prior to establishment of the DMF for the SELECTED REAGENT, NEKTAR AL will provide BAXTER all necessary information which it may possess, pertinent to the SELECTED REAGENT, to keep the global regulatory filings current and up-to-date.

3.2 Complaints and Adverse Event Reporting

3.2.1 Each PARTY shall promptly (within 48 hours) notify the other of any information coming into its possession concerning the safety, quality, efficacy, and actual or pending regulatory action regarding the SELECTED REAGENT. If NEKTAR AL believes it has information that potentially requires an NDA Field Alert (as described in 21 CFR 314.81(b)) or BPDR (Biological Product Deviation Report), NEKTAR AL shall notify BAXTER promptly. Any determinations on how to address the information impacting POTENTIAL/COMMERCIAL PRODUCT efficacy, quality and safety, including communication with regulatory authorities, shall be the responsibility of BAXTER.

3.2.2 BAXTER shall maintain systems for the management of POTENTIAL/COMMERCIAL PRODUCT complaints and will maintain procedures and systems for the surveillance, receipt, and evaluation of

serious adverse drug events, 21 CFR 314.80(a), as well as all other adverse drug events as they pertain to the POTENTIAL/COMMERCIAL PRODUCT. In the event an adverse drug event involves an issue with the SELECTED REAGENT, NEKTAR AL will investigate the issue using its deviation handling procedure.

3.3 Recalls

3.3.1 In the event that either PARTY determines that the SELECTED REAGENT violates applicable LAWS, regulations, or deviates from any aspect of this QUALITY AGREEMENT, whether or not such action is requested by any governmental agency, NEKTAR AL and BAXTER have the responsibility to notify each other promptly. After such notice, the PARTIES' representatives from business, medical, regulatory, Quality Assurance, legal, and any other functions deemed necessary, will consult to determine if the distributed POTENTIAL/COMMERCIAL PRODUCT manufactured or derived from those BATCH(ES) of SELECTED REAGENT should be withdrawn or recalled. The final decision to recall or withdraw the POTENTIAL/COMMERCIAL PRODUCT resides with BAXTER. Performance of all activities associated with recalls and withdrawals are the responsibility of BAXTER.

3.3.2 BAXTER will notify NEKTAR AL of any recall involving the POTENTIAL/COMMERCIAL PRODUCT, regardless of whether the recall involves an issue with the SELECTED REAGENT. If the recall involves an issue with the SELECTED REAGENT, NEKTAR AL will investigate the issue using its deviation handling procedure. BAXTER will be responsible for formal notification to the regulatory authorities as well as determining the impact of such decision on the POTENTIAL/COMMERCIAL PRODUCT.

4. Raw Materials

4.1 Procurement, Delivery and Storage of Raw Materials

4.1.1 NEKTAR AL is responsible for determining suitable source(s) of all raw materials for the SELECTED REAGENT and procuring such materials from such source(s). However, in no circumstance will NEKTAR AL source any raw material from human-derived or animal-derived materials for the SELECTED REAGENT. NEKTAR AL vendor qualification requirements will apply to all materials sourced by NEKTAR AL for the SELECTED REAGENT. Qualification of vendors of raw materials shall be documented by NEKTAR AL, and such documentation shall be made available to BAXTER during BAXTER'S annual audit of NEKTAR AL, if requested. NEKTAR AL will maintain a complete list of process specific materials to be utilized in manufacturing the SELECTED REAGENT, will notify BAXTER of any proposed RAW MATERIAL supplier/manufacturer change prior to implementation and shall work with BAXTER to agree on the appropriate timing of such implementation.

4.1.2 NEKTAR AL will store and handle all raw materials and samples under appropriate conditions. NEKTAR AL will maintain appropriate controls to prevent cross-contamination of the raw materials and other materials used in the manufacture of the SELECTED REAGENT.

4.2 Inspection and Testing of Raw Materials

4.2.1 NEKTAR AL is responsible for determining specifications for raw materials. Such specifications will be in accordance with NEKTAR AL'S standard operating procedures.

4.3 Third Party Suppliers.

4.3.1 NEKTAR AL shall designate and certify all raw materials and service vendors and suppliers and primary and secondary packaging component

vendors and suppliers in accordance with NEKTAR AL's standard operating procedures.

5. SPECIFICATIONS and Analytical Methods

5.1 SPECIFICATIONS

5.1.1 The SELECTED REAGENT must be manufactured, packaged, labeled, handled and shipped in accordance with the validation parameters, the written SPECIFICATIONS, NEKTAR AL'S standard operating procedures and applicable provisions of good manufacturing practices, laws, regulations and guidances. A copy of the SPECIFICATIONS is attached as Attachment D.

5.2 Analytical Methods

5.2.1 NEKTAR AL is responsible for monitoring and complying with compendial (USP, Ph. Eur., JP) test methods and procedures as they apply to the SELECTED REAGENT. NEKTAR AL is responsible for establishing the reference material for SELECTED REAGENT. Any non-compendial test methods transfer, qualification, and/or validation for the SELECTED REAGENT is a REPORTABLE CHANGE and must be reviewed and approved by BAXTER in advance.

5.2.2 NEKTAR AL is responsible for any analytical method transfers to or from other sites for the SELECTED REAGENT. NEKTAR AL may not implement or change any testing methodology for the SELECTED REAGENT without the prior written APPROVAL of BAXTER.

6. Manufacture, Storage and Packaging of the SELECTED REAGENT

6.1 NEKTAR AL agrees to manufacture, store, package, and label the SELECTED REAGENT in accordance with NEKTAR AL'S standard operating procedures,

applicable laws and regulations and any applicable provisions of good manufacturing practice laws, regulations and guidances.

6.2 It is understood that NEKTAR AL will process, and test the SELECTED REAGENT(S) pursuant to the agreed upon SPECIFICATIONS. NEKTAR AL will not transfer any of the processing, manufacturing, testing or release operations for the SELECTED REAGENT(S) to THIRD PARTIES or other sites without BAXTER'S prior written consent, subject to Section 4.5 of the DEVELOPMENT & LICENSE AGREEMENT. Transfers to THIRD PARTIES must be in accordance with a written and approved QUALITY AGREEMENT equivalent in context to this Agreement.

6.3 NEKTAR AL is responsible for ensuring that the manufacturing process is appropriately validated with their manufacturing equipment and in their facility. The validation should ensure that the process is capable of consistently

achieving the manufacturing acceptance criteria. NEKTAR AL will be responsible to conduct stability studies on SELECTED REAGENT(S) and establish an acceptable shelf-life for their SELECTED REAGENT(S). BAXTER is responsible for funding manufacturing process validation and stability studies in accordance with the provisions of Section 8.6.2 of the DEVELOPMENT & LICENSE AGREEMENT.

Validation protocols and reports will be made available to BAXTER upon BAXTER'S request. NEKTAR AL is responsible for ensuring that adequate cleaning is carried out between batches of different REAGENT(S) to prevent cross contamination. The cleaning Validation will be updated to cover any new REAGENT(S)s made in the same equipment or facilities as those used for Baxter's SELECTED REAGENT(S).

7. Inspections and Testing of the SELECTED REAGENT

7.1 NEKTAR AL will carry out the inspection and testing of the SELECTED REAGENT as set forth in NEKTAR AL'S standard operating procedures. Subcontractors should meet NEKTAR AL'S requirements for approved suppliers.

7.2 NEKTAR AL is responsible for ensuring that all testing laboratories are compliant with ICH Q7A and methods are validated according to ICH guidelines on validation of analytical methods. Any modification to a validated analytical method (including, but not limited to, changes to instrumentation, procedure or software), should be evaluated and authorized by BAXTER prior to implementation.

7.3 Released SELECTED REAGENT Documentation

7.3.1 NEKTAR AL will provide BAXTER with a certificate of analysis with each BATCH of SELECTED REAGENT. Manufacturing records and Quality Control test results must be complete, be reviewed by NEKTAR AL Quality Assurance for conformance to NEKTAR AL requirements, and have all BATCH related deviation issues closed prior to BATCH release by NEKTAR AL Quality Assurance. NEKTAR AL will retain all completed manufacturing records, Quality Control test records, and BATCH related documents for a minimum of seven (7) years from DATE OF MANUFACTURE. These documents must be accessible for review and inspection at NEKTAR AL'S MANUFACTURING FACILITY by BAXTER during the quality audit or regulatory authorities if requested. At the end of the document retention period, NEKTAR AL will notify BAXTER prior to destroying such documents.

7.3.2 A Certificate of Analysis from NEKTAR AL will be supplied for every lot of SELECTED REAGENT(S). The certificate shall include the lot number, expiration date and the test results per SPECIFICATIONS agreed by both PARTIES. The Certificate of Analysis is to be signed by the responsible quality individual certifying the manufacture and release of the product according to applicable provisions of good manufacturing practices, laws, regulations and guidances.

7.4 Analytical Testing

7.4.1 NEKTAR AL will have written and validated procedures describing the identification, quarantine, handling, sampling, testing and approval or rejection of raw materials. NEKTAR AL will perform testing in accordance with its established methods and procedures and will review them against defined specifications. Changes to these methods and procedures will be consistent with NEKTAR AL'S CHANGE CONTROL procedure. Deviations to the test methods and procedures and out-of-SPECIFICATIONS test results on the SELECTED REAGENT will be handled using Out-of-specification procedures and in a manner consistent with Article 2 of this QUALITY AGREEMENT.

7.5 Deviations and SIGNIFICANT DEVIATIONS

7.5.1 Deviations will be managed according to NEKTAR AL'S standard operating procedures reviewed by BAXTER during BAXTER'S annual audit of NEKTAR AL.

7.5.2 SIGNIFICANT DEVIATIONS are defined in Attachment C. SIGNIFICANT DEVIATIONS will be investigated in accordance with NEKTAR AL'S standard operating procedures for root cause and fully documented by NEKTAR AL.

7.6 Label Master Copy Approval

7.6.1 Label master copy approval will be handled through NEKTAR AL'S CHANGE CONTROL system. The SELECTED REAGENT'S label must contain the DATE OF MANUFACTURE or re-test date (when available) of the SELECTED REAGENT, the recommended storage conditions and SAFETY STATEMENT of the SELECTED REAGENT. NEKTAR AL shall provide BAXTER with the relevant material data safety sheet for the SELECTED REAGENT.

8. Audits

8.1 External Regulatory Inspections

8.1.1 NEKTAR AL will immediately notify BAXTER of any inspections, notifications, or actions by a regulatory authority or other enforcement body that directly involve the SELECTED REAGENT. NEKTAR AL will provide appropriate support for all regulatory inspections.

8.1.2 In the event of a regulatory inspection, NEKTAR AL will provide BAXTER with a summary report at the completion of such regulatory inspections, if and as they apply to the SELECTED REAGENT. Any inspectional correspondence letters that directly affect the SELECTED REAGENT will be communicated by NEKTAR AL to BAXTER via telephone, followed by a redacted copy of any inspectional observations from such inspection.

8.2 BAXTER Quality Audits

8.2.1 BAXTER reserves the right to audit all NEKTAR AL'S MANUFACTURING FACILITIES and systems, including manufacturing, testing and stability laboratories and other areas supporting production of the SELECTED REAGENT. The initial audit shall take place during the production of the first BATCH/lot of SELECTED REAGENT manufactured under the initial QUALITY AGREEMENT. Thereafter, such audits shall take place once each year, unless BAXTER has questions or concerns about NEKTAR AL'S ability to comply with the terms of this QUALITY AGREEMENT, in which case such audits shall be conducted more frequently until such time as these concerns are resolved. Such quality audits shall not exceed two (2) business days in duration, unless otherwise mutually agreed. BAXTER will provide reasonable written notice for scheduling any such quality audit. The quality audit dates will be mutually agreed. BAXTER will issue an audit report within 30 days

of the completion of the audit. After receipt of a formal written quality audit report from BAXTER, NEKTAR AL will respond to BAXTER within thirty (30) business days on the status of any quality audit observations.

9. Training

9.1 NEKTAR AL will have a documented training program to assure that all personnel engaged in activities directly related to manufacturing, testing and release of the SELECTED REAGENT have the appropriate education, training, and experience required to perform their assigned functions properly. Training records maybe available for BAXTER'S review during the annual quality audit, if requested.

10. Data Reporting Requirements

The analytical data pack used to support NEKTAR AL'S release of the SELECTED REAGENT must be stored and retained in accordance with NEKTAR AL'S standard operating procedures as may be reviewed by BAXTER during its annual quality audit of NEKTAR AL and will be made available to BAXTER at NEKTAR AL'S site upon request.

11. Shipment of the SELECTED REAGENT

NEKTAR AL will only deliver/ship SELECTED REAGENT which has been released by the approved NEKTAR AL standard operating procedures reviewed by BAXTER during its annual audit of NEKTAR AL and which meets the SPECIFICATIONS. Any deviations shall be closed prior to delivery/shipment. BAXTER will identify the destination to which the SELECTED REAGENT BATCHES are to be shipped. The SELECTED REAGENT will be shipped in shrink wrapped bottles. BAXTER has the option to retest such product upon receipt and reject materials that do not meet agreed specifications, as set forth in the DEVELOPMENT & LICENSE AGREEMENT.

12. Retained Samples of the SELECTED REAGENT

12.1 NEKTAR AL agrees to store retained samples for all the SELECTED REAGENT BATCHES in accordance with NEKTAR AL'S standard operating procedures as may be reviewed by BAXTER during its annual quality audit of NEKTAR AL. The amount of retained samples must be of sufficient quantity to conduct at least full specification analyses in duplicate.

12.2 NEKTAR AL agrees to store the retained samples under controlled storage conditions defined by NEKTAR AL for the SELECTED REAGENT and for a minimum of seven (7) years from the DATE OF MANUFACTURE.

13. Storage of SELECTED REAGENT

NEKTAR AL agrees to store the SELECTED REAGENT under appropriate storage conditions according to NEKTAR AL'S standard operating procedures as may be reviewed by BAXTER during its annual quality audit of NEKTAR AL.

14. Restricted Compounds

The NEKTAR AL'S MANUFACTURING FACILITY used in the manufacture, storage and shipment of the SELECTED REAGENT will be free from potential contamination by dihydroergotamine, penicillins, cephalosporins, beta lactams, tetracyclines, nitrofurantoin, streptomycin, vancomycin, chloramphenicol, neomycin, polymyxin B, amphotericin B, hormone products and derivatives, pesticides, fungicides, rodenticides, antineoplastic agents, and compounds classified as Pregnancy Category X as defined in 21 C.F.R. § 201.57(f)(6)(i)(e), including without limitation, FSH/LHRH oligopeptides.

15. Annual Reviews

BAXTER'S Quality Assurance and NEKTAR AL'S Quality Assurance agree to meet as needed to discuss outstanding quality issues. Both PARTIES agree to meet at least annually to review this QUALITY AGREEMENT and list, categorize, and prioritize significant anticipated changes to the process. BAXTER and NEKTAR AL will meet as necessary to review quality issues related to the obligations and responsibilities as

described in this QUALITY AGREEMENT. Both PARTIES will mutually agree to the timing of the review.

16. **Returned Goods**

NEKTAR AL will follow NEKTAR AL'S standard operating procedures as may be reviewed by BAXTER during its annual quality audit of NEKTAR AL for handling returned goods, quarantined materials, and/or rejected materials.

17. **Stability**

NEKTAR AL is responsible for initiating stability testing of the SELECTED REAGENT. Changes to test plans, sampling plans, and test methods will be managed in accordance with the CHANGE CONTROL section of this QUALITY AGREEMENT and NEKTAR AL'S standard operating procedures as will be reviewed and approved by BAXTER prior to implementation.

Attachment B

REPORTABLE CHANGES

"REPORTABLE CHANGES" means any changes identified in 21 CFR 601.12 (Changes to an approved application) or described in FDA's Guidance for Industry: Changes to an Approved Application: Biological Products July 1997 and includes but is not limited to the following:

- change to RAW MATERIALS (includes change in vendor and/or change in testing methodology/SPECIFICATIONS), or stability testing program,
- process change (includes process changes due to change of equipment),
- change in in-process-controls and release testing which change the methodology and/or SPECIFICATIONS,
- change in packaging,
- investigations evaluating product quality,
- results in an amendment or revision to the DMF,

which could impact the quality of the SELECTED REAGENT, such that its use in subsequent processing of the POTENTIAL/COMMERCIAL PRODUCT derived from the SELECTED REAGENT, could impact the safety, purity or potency of the POTENTIAL/COMMERCIAL PRODUCT or which is outside of the scope of documentation submitted by NEKTAR AL to regulatory authorities or to BAXTER in connection with MARKETING AUTHORIZATION for the POTENTIAL/COMMERCIAL PRODUCT.

Attachment C

SIGNIFICANT DEVIATIONS

SIGNIFICANT DEVIATIONS requiring notification to BAXTER include any deviation that has the potential to impact the quality of the SELECTED REAGENT or the validation status of a test method. SIGNIFICANT DEVIATIONS may require substantial investigation to evaluate the root cause and its impact on the SELECTED REAGENT, manufacturing process, or test method. SIGNIFICANT DEVIATIONS include but are not limited to:

- A physical contamination, cross-contamination, or other chemical contamination
- A confirmed out-of-SPECIFICATIONS result for release or stability testing for the SELECTED REAGENT
- REWORKING of the SELECTED REAGENT
- A deviation from a CRITICAL PROCESS STEP

ATTACHMENT A

Definitions

"APPROVAL" means the concurrence between BAXTER and NEKTAR AL, such as agreement on a proposed CRITICAL CHANGE, as evidenced in writing and signed by both PARTIES' authorized quality representatives.

"BATCH" means a specific quantity of a material produced in a process or fraction of a process.

"CHANGE CONTROL" has the meaning set forth in Section 2 of this QUALITY AGREEMENT.

"CHANGE CONTROL FORM" means NEKTAR AL'S procedural form that documents REPORTABLE CHANGES. The form includes a description of the critical change, justification, and APPROVAL signatures at a minimum.

"CRITICAL PROCESS STEP" are: **[will be added based on SELECTED REAGENT].**

"CRITICAL RAW MATERIALS" are: **[will be added based on SELECTED REAGENT].**

"DATE OF MANUFACTURE" means the last date of manufacturing for the SELECTED REAGENT, typically when the SELECTED REAGENT is removed from drying.

"DMF" means Type II Drug Master File, as defined in 21 CFR 314.420.

"IMPLEMENTATION DATE" means the date a change or process first comes into practice.

"NEKTAR AL'S MANUFACTURING FACILITY" means 1112 Church Street, Huntsville, Alabama 35801 or such other site as defined by NEKTAR.

"REPORTABLE CHANGES" has the meaning set forth in Attachment B of this QUALITY AGREEMENT.

"REWORK" means subjecting SELECTED REAGENT that does not conform to standards or SPECIFICATIONS to one or more processing steps that are different from the established manufacturing process (e.g. re-crystallization from a different solvent).

"SIGNIFICANT DEVIATION" has the meaning set forth in Attachment C of this QUALITY AGREEMENT.

"SAFETY STATEMENT" means the statement that is included on the labels of the SELECTED REAGENT: "Caution: For Manufacturing, processing or repacking. Not approved for human use without further processing".

ATTACHMENT D

SPECIFICATIONS

[to be updated periodically based on information/learnings about the SELECTED REAGENT during development]

SCHEDULE IV

BAXTER DEVELOPMENT DILIGENCE TIMELINES

BAXTER agrees to meet the development diligence milestone events for a POTENTIAL PRODUCT that is a product for the half-life extension of Factor VIII to treat Hemophilia A ("PPA"), as set forth below by the corresponding milestone date. BAXTER may extend such milestone date by paying NEKTAR AL the extension payments set out below, to extend the milestone date by the number of corresponding months set out below as the extension period. The extension period shall commence on the expiration of the cure period. BAXTER shall be entitled to deduct an extension payment from the subsequent MILESTONE that becomes due and payable to NEKTAR AL under Schedule II.

MILESTONE EVENT	MILESTONE DATE	EXTENSION PAYMENT	EXTENSION PERIOD
Initiation of pre-clinical studies for PPA required for the filing of an IND (21 months)	June 30, 2007	$750,000	3 months
Commencement of first PHASE I CLINICAL TRIAL for first PPA (33 months)	June 30, 2008	$1,500,000	6 months
Commencement of first PIVOTAL TRIAL for first PPA (63 months)	Dec. 31, 2010	$2,500,000	12 months
First BLA filing for first PPA (111months)	Dec. 31, 2014	$5,000,000	15 months

SCHEDULE V
TERMS AND CONDITIONS OF SUPPLY AGREEMENT

1. During Pre-Clinical, Phase 1 & Phase 2 development of each POTENTIAL PRODUCT, NEKTAR AL shall provide SELECTED REAGENT for such POTENTIAL PRODUCT to BAXTER at the MANUFACTURING COST therefor plus thirty percent (30%), not to exceed the PRICE CAP.

2. At the time NEKTAR AL provides BAXTER with a CONJUGATE, NEKTAR AL shall provide BAXTER with the catalog price for the REAGENT in such CONJUGATE (the "PRICE CAP"), unless such REAGENT is "new" and NEKTAR AL does not offer such REAGENT in the catalog (a "NEW REAGENT").

3. If the RESEARCH COMMITTEE selects a REAGENT as a SELECTED REAGENT that is, at the time of such selection, currently offered in NEKTAR AL'S catalog, then NEKTAR AL shall provide BAXTER with (i) the fully-burdened cost of manufacturing such SELECTED REAGENT at the lab-scale within thirty (30) days of selection, and (ii) the estimated, non-binding MANUFACTURING COST plus thirty (30%) within sixty (60) days of selection if such SELECTED REAGENT is then currently made in NEKTAR AL'S manufacturing facility. If SELECTED REAGENT is not then currently made in NEKTAR AL'S manufacturing facility, then the estimated, non-binding MANUFACTURING COST plus thirty percent (30%) will be provided to BAXTER within six (6) months of selection.

4. If the RESEARCH COMMITTEE selects a NEW REAGENT as a SELECTED REAGENT, then NEKTAR AL shall provide BAXTER with the fully-burdened cost of manufacturing such SELECTED REAGENT at lab-scale within thirty (30) days of such selection, and the estimated, non-binding MANUFACTURING COST plus thirty percent (30%) within six (6) months of such selection, at which time said estimated, non-binding MANUFACTURING COST plus thirty (30%) shall constitute the PRICE CAP therefor.

5. At least one hundred eighty (180) days prior to commencing the first PIVOTAL TRIAL for a POTENTIAL PRODUCT, the PARTIES shall enter into a SUPPLY AGREEMENT for the manufacture and supply of SELECTED REAGENT for such POTENTIAL PRODUCT. The PARTIES shall negotiate in good faith and the SUPPLY AGREEMENT shall contain the following terms and such other terms and conditions that are usual and customary for agreements of this type:

   a. At BAXTER'S election, the purchase price for SELECTED REAGENT supplied under the SUPPLY AGREEMENT (the "COMMERCIAL PURCHASE PRICE") shall either be (i) fixed at a price not to exceed the then-current MANUFACTURING COST plus twenty percent (20%) (which shall not exceed the PRICE CAP); or (ii) not-fixed, and charged on a pass-through basis of MANUFACTURING COST plus twenty (20%).

   b. In the event BAXTER elects to fix the price, then:

i. The COMMERCIAL PURCHASE PRICE shall include volume discounts. The PARTIES shall establish a chart providing the prices at a series of volume levels (i.e., a fixed price for each volume level), none of which prices shall exceed the PRICE CAP.

ii. Based on BAXTER's forecasted requirements for SELECTED REAGENTS, NEKTAR AL will notify BAXTER at the start of each calendar year of the price for such year, which shall be tied to the volume discount chart. A reconciliation shall take place at the end of each such year, such that the price shall be adjusted to reflect the actual volume of SELECTED REAGENT purchased during such year, (i.e., a credit given to BAXTER or an additional amount paid to NEKTAR, based upon actual volumes for such year).

iii. The COMMERCIAL PURCHASE PRICE and PRICE CAP can only be increased in the case of (i) documented increases in raw materials supplied by THIRD PARTIES, to the extent they exceed the PPI (as defined below); (ii) agreed upon changes in SPECIFICATIONS to the extent such changes result in price increases and then only to the extent of such documented increases; (iii) regulatory requirements that come into effect after the EFFECTIVE DATE, to the extent such requirements result in price increases and then only to the extent of such documented increases; (iv) increases in PPI, (United States Department of Labor Producer Price Index for Chemical Manufacturing Series ID:PCU325---325---); and (v) depreciation attributable to a capital build out solely required to create a dedicated BAXTER SELECTED REAGENT manufacturing suite required as a result of SELECTED REAGENT supply requirements (to the extent not funded by BAXTER).

c. NEKTAR AL and BAXTER shall carry safety stock of SELECTED REAGENT, the intent of which is to ensure that there is continuity of COMMERCIAL PRODUCT supply in the marketplace. The PARTIES will agree on the number of months of safety stock to be carried, which shall not be less than twelve (12) months, unless volumes and stability of SELECTED REAGENT dictate otherwise. NEKTAR AL and BAXTER shall each fund fifty percent (50%) of the fully-burdened cost of the safety stock. NEKTAR AL shall not charge BAXTER a warehousing fee for that portion of safety stock that is maintained at NEKTAR AL facilities. The safety stock shall be in place after the completion of the last PIVOTAL TRIAL and prior to commercialization at a time to be determined by BAXTER upon reasonable notice. Once safety stock is in place, NEKTAR AL shall replace any NONCONFORMING REAGENT or address any SELECTED REAGENT delivery delays by shipping safety stock within thirty (30) days.

d. Subject to Section 5(c) above, if NEKTAR AL fails to provide BAXTER with a continuous supply in accordance with its forecasts and P.O.s, or diminishes its safety stock below an agreed upon level (the "THRESHOLD LEVEL") and such safety stock is not replenished within thirty (30) days after falling below the

THRESHOLD LEVEL, then BAXTER can require that NEKTAR AL commence a tech transfer. The THRESHOLD LEVEL shall be agreed upon by the PARTIES based upon relevant factors to ensure a continuous supply of COMMERCIAL PRODUCT. Such factors shall include SELECTED REAGENT production cycle times, the time required to complete a tech transfer and commercial scale-up, regulatory filing requirements and regulatory approval time required regarding SELECTED REAGENT, and BAXTER'S inventory of COMMERCIAL PRODUCT in the form of "active pharmaceutical ingredient" and finished product. NEKTAR AL shall promptly notify BAXTER of any reduction in safety stock and the level of any safety stock until such time as safety stock is replenished to the original agreed upon level.

e. An upward adjustment to BAXTER's forecasted supply requirements will not trigger a tech transfer. In the event BAXTER's forecast changes so significantly as to render current safety stock below the THRESHOLD LEVEL, then NEKTAR AL shall have a reasonable amount of time (based on SELECTED REAGENT production cycle times) after receiving the increased forecast to appropriately increase safety stock supply.

f. In the event BAXTER requires NEKTAR AL to initiate a tech transfer as provided above, the transfer shall be to either BAXTER or an agreed upon THIRD PARTY supplier, at BAXTER's option. NEKTAR AL shall pay for its own FTE time associated with a successful tech transfer. BAXTER shall be responsible for all non-NEKTAR AL FTE time, and other costs and expenses associated with tech transfer. Following the successful completion of a tech transfer, NEKTAR AL shall have no further obligation to supply any quantity of SELECTED REAGENT to BAXTER unless NEKTAR AL elects to transfer manufacturing back to NEKTAR AL in accordance with Section 5(g).

g. In the event BAXTER elects to transfer manufacturing to a THIRD PARTY (and not to BAXTER or a BAXTER AFFILIATE), then NEKTAR AL shall have the option to elect to transfer manufacturing back to NEKTAR AL at such time as it is ready to recommence manufacturing (i.e., NEKTAR AL has corrected any manufacturing issues or force majeure has ceased). In the event BAXTER notifies NEKTAR AL it elects to transfer to a THIRD PARTY, NEKTAR AL shall notify BAXTER immediately of its desire to have manufacturing transferred back to it. BAXTER shall use commercially reasonable efforts to negotiate its best manufacturing terms with such THIRD PARTY and shall apprise NEKTAR AL of such terms. If NEKTAR AL desires to resume manufacturing before expiration of such THIRD PARTY contract, then NEKTAR AL shall be responsible for any and all out-of-pocket costs associated with early termination. If NEKTAR AL desires to have BAXTER enter into a shorter-term contract with a THIRD PARTY manufacturer which contains terms that are less favorable to BAXTER than those that are available to BAXTER under a longer-term contract, then NEKTAR AL will reimburse BAXTER for all incremental out-of-pocket costs associated with the shorter term contract, regardless of whether NEKTAR AL ultimately decides to resume manufacture of SELECTED REAGENT. In the event NEKTAR AL

elects to exercise its option to resume manufacture of SELECTED REAGENT, it must reimburse BAXTER for any and all out-of-pocket costs incurred by BAXTER as a result of both tech transfers, including the initial tech transfer costs paid by BAXTER to transfer manufacturing to the THIRD PARTY, the price differential between the price paid to the THIRD PARTY for SELECTED REAGENT and the COMMERCIAL PURCHASE PRICE, and all out-of-pocket costs associated with transferring manufacturing back to NEKTAR AL. Transfer of manufacturing back to NEKTAR AL shall be conditioned upon NEKTAR AL meeting all requisite quality standards as provided for in the QUALITY AGREEMENT.

h. In the event BAXTER elects to transfer manufacturing to BAXTER or a BAXTER AFFILIATE, then NEKTAR AL shall have the option to elect to transfer manufacturing back to NEKTAR AL at such time as it is ready to recommence manufacturing (i.e., NEKTAR AL has corrected any manufacturing issues or force majeure has ceased), and NEKTAR AL shall reimburse BAXTER for BAXTER's costs incurred in connection with such tech transfer (including the initial tech transfer costs to transfer manufacturing to BAXTER or a BAXTER AFFILIATE, and the costs associated with transferring manufacturing back to NEKTAR AL). Such costs shall include all of BAXTER's direct and indirect MANUFACTURING COSTS associated with commencing and terminating such manufacturing, including, without limitation, any additional capital expenditures incurred after, or as a result of, the tech transfer, severance, benefits and relocation costs.

i. NEKTAR AL will manufacture SELECTED REAGENT in NEKTAR AL's multi-purpose suite, provided that the equipment needed to manufacture SELECTED REAGENT is in NEKTAR AL's multi-purpose suite. When the annual quantities of SELECTED REAGENT exceed forty percent (40%) of the capacity of NEKTAR AL'S multi-purpose suite or if the manufacture of the SELECTED REAGENT requires dedicated equipment, then BAXTER will fund the capital equipment required for the manufacture of SELECTED REAGENT either in a dedicated manufacturing suite or equipment otherwise solely dedicated to the manufacture of the SELECTED REAGENT. Such capital costs shall include the installation costs of the equipment. NEKTAR AL shall be responsible for any building expansion required to transfer production to a BAXTER dedicated suite, and for maintaining any capital equipment required for manufacturing SELECTED REAGENT at NEKTAR AL facilities during the TERM. BAXTER shall hold title to any such capital equipment, and such equipment (i.e., movable fixtures) shall be transferred to BAXTER upon the expiration or termination of this AGREEMENT, and in the event of a tech transfer to either BAXTER or a THIRD PARTY as provided for herein.

j. The sixty (60) day acceptance or rejection period provided for in Section 8.2 may be shortened to as few as thirty (30) days under the SUPPLY AGREEMENT, depending upon the evaluation procedures required to determine whether SELECTED REAGENT meets SPECIFICATIONS.

6. THE LIABILITY OF THE PARTIES UNDER THE SUPPLY AGREEMENT SHALL BE CONSISTENT WITH LIABILITY PROVISIONS UNDER THE AGREEMENT. For clarity, in the event of a tech transfer, NEKTAR AL's responsibility for BAXTER's out-of-pocket expenses related to the tech transfer shall be limited to NEKTAR AL'S FTE costs, as set forth in section 5(f) above.

SCHEDULE VI

MANUFACTURING COST

"MANUFACTURING COST" means the costs of all direct material, direct labor and manufacturing overhead consumed, provided or procured by a manufacturing facility in the manufacture of SELECTED REAGENT.

A. Direct material costs include:

1. The cost of raw materials, process consumables (i.e., resins, membranes, etc.), containers, container components, packaging, labels and other printed materials used in production.

2. Scrap of raw materials, work in progress and finished goods (exclusive of losses in excess of a reasonable allowance for normal wastage limits).

B. Direct labor costs include salaries and fringe benefits for personnel directly involved in the manufacturing process.

C. Direct service costs include costs of services provided by THIRD PARTIES for the manufacture of SELECTED REAGENT or any component thereof (e.g., sterilization and specialized testing, manufacturing of raw materials).

D. Manufacturing overhead includes all direct and indirect manufacturing costs that cannot be identified in a practical manner with specific units of production and, therefore, cannot be included in specific Manufacturing Costs as direct material or direct labor. Such overhead costs include:

1. Department specific manufacturing overhead allocations, including utilities (e.g., oil, electric, steam, water), indirect manufacturing materials and supplies, consumables (e.g., production supply materials, spare parts), supervision, production management, plant management, engineering and development support not covered by fee for service work described in 8.6,

stability testing, not covered by fee for service work, maintenance and repair of the production plant and production equipment, taxes (excluding income taxes) and basic hazard insurance.

2. Depreciation, which reflects the use of assets used for manufacturing SELECTED REAGENT to the extent such assets were not funded by BAXTER

3. Overhead allocations from involved service areas, including human resources, IT, quality assurance analysis of raw materials in production including analysis of semi-finished and finished goods produced, materials management (including wages and salaries relating to materials administration, purchasing and warehousing), regulatory affairs, validation, outside services (security, laundry, testing.), cost accounting, project management, contract management, maintenance of the quality systems, process documentation in connection with the manufacture of SELECTED REAGENT.

4. Overhead allocations for general services used at the production facility including, telephones and fax, library, postal services (internal and external), copying and office services/equipment, cleaning, health services, energy maintenance, security, and cafeterias.

5. Freight, warehousing costs, taxes and import duties, and forwarding costs on raw materials payable by NEKTAR AL.

6. Rent and other costs allocable to the lease of facilities, equipment or materials used to manufacture SELECTED REAGENT.

7. Actual cost incurred for engineering services, permitting, equipment or otherwise in connection with compliance with EH&S (environmental health and safety) laws (including, waste disposal) as a result of the manufacture of SELECTED REAGENT.

8. Activity based costing methodology is used to determine the portion of activities that is directly applicable to the manufacture of PEG reagents. To determine the portion of

activities that is applicable to the manufacture of SELECTED REAGENT, the resulting costs shall be allocated to BAXTER based on projected suite week usage by NEKTAR AL for manufacture of SELECTED REAGENT as a portion of total projected suite weeks for the entire facility on an annual basis.

MANUFACTURING COST will be calculated in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis in the country of manufacture. The procedures shall ensure that SELECTED REAGENT is allocated a fair and reasonable portion of costs on a basis that is consistent with all products produced or to be produced at the manufacturing facility. The "cost" for purchased materials or services will include the actual amount paid including the benefit of any price reductions, payment or terms discounts, or other reimbursements, such as volume discounts, that may be applicable to such purchases.

In addition to the foregoing, the PARTIES agree the following shall apply: for SELECTED REAGENT supplied either prior to the initiation of the first PIVOTAL TRIAL or, if under the SUPPLY AGREEMENT, a MANUFACTURING COST plus mechanism pursuant to Section 5(a)(ii) of Schedule V is elected, then NEKTAR AL will notify BAXTER of its estimate of its MANUFACTURING COST plus 30% or 20% (as the case may be) ("ESTIMATED COST") two (2) months before the start of each calendar year and such ESTIMATED COST shall then apply throughout the following calendar year of supply of SELECTED REAGENT. The ESTIMATED COST will be based on BAXTER's forecast for such calendar year pursuant to Sections 5.2(i) of the AGREEMENT and BAXTER'S forecasting obligations that will be set forth in the SUPPLY AGREEMENT. At the end of each year, NEKTAR AL will perform a true-up, such that if the actual MANUFACTURING COST is higher than the ESTIMATED COST, then BAXTER will reimburse to NEKTAR AL, in accordance with the payment terms set forth herein, the difference between the ESTIMATED COST and the actual MANUFACTURING COST plus 30% or 20% (as the case may be) for all SELECTED REAGENT supplied in the applicable calendar year. If the actual MANUFACTURING COST plus 30% or 20% (as the case may be) is lower than the ESTIMATED COST, then BAXTER will receive a credit towards its purchases of SELECTED REAGENT for the following year, which credit shall be, the difference between the

ESTIMATED COST and the actual MANUFACTURING COST plus 30% or 20% (as the case may be) for all SELECTED REAGENT supplied in the applicable calendar year.

SCHEDULE VII

PERMITTED ACTIVITIES UNDER SECTION 4.5

- Synthesis of chemicals to produce PEG reagents
- Analytical test systems for quantitative and qualitative characterization of process chemicals, PEG derivatives, protein conjugates and reagents for the purpose of
    a) research
    b) product development
    c) scale-up
    d) pilot manufacturing
    e) manufacturing
    f) quality control
    g) quality assurance
- Reagents and auxiliary materials for synthesis of PEG and PEG derivatives
- Laboratory and facility maintenance
- Support for meeting regulatory requirements

EXHIBIT 1

BAXTER RESEARCH PLAN

Ongoing Research in support of Provisional Application VWF/FVIII

The following is a list of ongoing research and a brief summary of intermediate results in support of the provisional patent application for VWF/FVIII. The research will be incorporated into a provisional application, from which a full utility application will be filed globally in early December of this year or filed no later June 27, 2006, for a subsequent filing of a U.S. or other patent application claiming priority from the provisional patent applications, and/or any subsequently filed U.S. or other patent claiming priority therefrom to include only that data identified in point 3 below.

1. **Research directed at supporting the making of a polymer-VWF conjugate**

- *Conjugation of VWF with polysaccharides containing acid groups like chondroitin sulfate or hyaluronic acid.*

  Hyaluronic acid was coupled to lysine residues of rVWF via aldehyde chemistry. Diol groups were oxidized with NaIO4 and the generated aldehyde groups were coupled to lysine groups of the rVWF by reductive amination.

- *Biochemical in vitro characterization of PSA conjugated VWF (e.g. determination of VWF:Ag, VWF:Co, SDS-PAGE, FVIII binding capacity).*

  PSA conjugated rVWF was biochemically and structurally characterized using this panel of assays.

- *Conjugation of VWF with branched PEGs via lysine residues.*

  rVWF was successfully derivatized via lysine residues by using a branched PEG succinimidyl glutarate (molecular weight: 20,000 Da) under different conditions. The prepared derivatives were biochemically and structurally characterized using a standard set of assays (VWF:Ag, VWF:Co, SDS-PAGE, FVIII binding capacity).

- *Pharmacokinetics of VWF conjugated with branched PEG's in FVIII-K.O.-mice.*

  RVWF derivatized with branced PEG showed an increased half life in FVIII-K.O.-mice. Co-infusion of FVIII with PEG-VWF resulted in an prolonged circulation time of FVIII compared to the control (FVIII and non-conjugated VWF). The increase in half life and circulation time of VWF and FVIII was at least in the same range as observed for VWF conjugated with linear PEG.

- *Comparative pharmacokinetics of FVIII mixed with different amounts of PEGVWF in FVIII-K.O.-mice.*

  These in vivo experiments are ongoing using FVIII-K.O. mice.

- *Comparative pharmacokinetics using PEG-VWF preparations with different degrees of PEGylation.*

  These in vivo experiments are ongoing using FVIII-K.O. mice.

- *PEGylation of VWF – dimer, in vitro and in vivo characterization of the preparation.*

  RVWF dimers are currently prepared. They will be PEGylated and subsequently characterized *in vivo* and *in vitro*.

2. **Research directed at supporting polymer-VWF conjugates with retained FVIII binding capability by the derivatization of VWF with reversibly blocked FVIII binding epitopes.**

   - *Alternative preparation procedures of VWF produced by derivatization of VWF with reversibly blocked FVIII binding epitopes (blocking with FVIII and heparin).*

     First experiments for derivatization of VWF with reversibly blocked FVIII binding epitopes have been carried out using two different procedures

     a) Mixing FVIII and VWF, PEGylation of the complex and subsequent separation of both components under high salt conditions.

     b) Mixing of VWF with heparin sepharose, PEGylation of the VWF in suspension and separation of the VWF (e.g. in a batch mode) from the heparin resin under high salt conditions.

     As an alternative procedure rVWF was bound onto a column with immobilized heparin, the PEGylation reagent (PEG-succinimidyl succinate, chain length 5000 Da) was added and the PEGylation reaction was carried out. Then the VWF was eluted under high salt conditions.

   - *Biochemical in vitro characterization of a PEG-VWF preparation with "non modified" FVIII binding epitope.*

     PEG-VWF derivatives with "non modified" FVIII binding epitope were biochemically and structurally characterized using a standard panel of assays (VWF:Ag, VWF:Co, SDS-PAGE, FVIII binding capacity).

   - *Pharmacokinetics of FVIII epitope protected PEG-VWF in FVIII-K.O.-mice.*

     Sufficient amounts of PEGylated rVWF are now available for these experiments.

3. **Research directed at supporting the making of a polymer-VWF conjugate showing action for the prolongation of FVIII half-life using the interaction of VWF or PEG-VWF with the LDL receptor (LDLR).**

A possible critical parameter of the regulation of plasma levels of FVIII and the FVIII half-life might be the interaction of VWF (PEG-VWF) with the LDL receptor (LDLR). In vitro experiments for demonstrating this new mechanism are in progress and animal studies to be conducted solely for the purpose of supporting BAXTER's patent application filing to be completed prior to June 27, 2006.

AMENDMENT NO. 1 TO EXCLUSIVE RESEARCH, DEVELOPMENT, LICENSE AND MANUFACTURING AND SUPPLY AGREEMENT

This Amendment No. 1 to Exclusive Research, Development, License and Manufacturing and Supply Agreement (the "Amendment") is made and entered into effective as of October 19, 2005 (the "Effective Date of the Amendment"), by and between Nektar Therapeutics AL, Corporation, ("Nektar") and Baxter Healthcare SA and Baxter Healthcare Corporation (collectively, "Baxter"). Nektar and Baxter may be referred to herein as a "Party" or, collectively, as "Parties."

RECITALS

WHEREAS, Nektar and Baxter are parties to an Exclusive Research, Development, License and Manufacturing and Supply Agreement dated September 26, 2005 (the "Agreement"); and

WHEREAS, the Parties desire to amend the Agreement;

NOW, THEREFORE, the Parties agree as follows:

Amendment of the Agreement

The Parties hereby agree to amend the Agreement as of the Effective Date of the Amendment as provided below. Capitalized terms used in this Amendment that are not otherwise defined herein shall have the meanings provided in the Agreement.

1. The first sentence of Section 3.1 of the Agreement is hereby amended and restated in its entirety to read as follows: "To facilitate communication between the PARTIES, implement the RESEARCH PLAN and oversee development of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS (all during the TERM), the PARTIES shall appoint a JOINT STEERING COMMITTEE consisting of **three (3)*** representatives from each of NEKTAR AL and BAXTER. The initial representatives are:

BAXTER: **VP, Research & Development, BioScience; VP, Manufacturing, BioScience; VP, Commercial/Marketing, BioScience***

NEKTAR AL: **VP, Research & Development; VP, Manufacturing; VP Commercial/Marketing***

and the initial meeting of the JOINT STEERING COMMITTEE shall take place no later than **sixty (60) days*** after the EFFECTIVE DATE."

2. For clarification purposes only, **Schedule II*** to the Agreement is hereby amended by the addition of the following language to the introductory paragraph thereof:

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"**The $1 million Milestone*** defined below as **1.b. Milestone in this Schedule II*** shall be a **pre-payment for the first 7,520 hours of Nektar FTE costs (time, standard supplies and materials) expended by Nektar in performing activities under the RESEARCH PLAN***, as provided for in the **third paragraph of Section 2.2*** of this Agreement."

2. Miscellaneous

a. **Full Force and Effect.** Except as expressly amended by this Amendment, the Agreement shall remain unchanged and continue in full force and effect as provided therein.

b. **Entire Agreement of the Parties.** This Amendment and the Agreement constitute the complete final and exclusive understanding and agreement of the Parties with respect to the subject matter of the Agreement, and supersede any and all prior or contemporaneous negotiations, correspondence, understandings and agreements, whether oral or written, between the Parties respecting the subject matter of the Agreement.

c. **Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment in duplicate originals by their authorized officers as of the Effective Date of the Amendment.

ACCEPTED AND AGREED,

NEKTAR THERAPEUTICS AL, CORPORATION

By: **/s/ Jennifer A. Filbey***

Name: **Jennifer A. Filbey***

Title: **VP, Business Development***

BAXTER HEALTHCARE CORPORATION

By: **/s/ Victor W. Schmitt***

Name: **Victor W. Schmitt***

Title: **President, Venture Management***

BAXTER HEALTHCARE SA

By: **/s/ N. Narbel***

Name: **N. Narbel***

Title: **Corporate Counsel***

AMENDMENT NO. 2 TO EXCLUSIVE RESEARCH, DEVELOPMENT, LICENSE AND MANUFACTURING AND SUPPLY AGREEMENT

This Amendment No. 2 to Exclusive Research, Development, License and Manufacturing and Supply Agreement (the "Amendment") is made and entered into effective as of December 14, 2005 (the "Effective Date of the Amendment"), by and between Nektar Therapeutics AL, Corp., an Alabama corporation ("NEKTAR") and Baxter Healthcare SA and Baxter Healthcare Corp., (collectively, "BAXTER"). NEKTAR and BAXTER may be referred to herein as a "Party" or, collectively, as "Parties."

RECITALS

WHEREAS, NEKTAR and BAXTER are parties to an Exclusive Research, Development, License and Manufacturing and Supply Agreement dated September 26, 2005, as amended (the "Agreement"); and

WHEREAS, the Parties desire to further amend the Agreement;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties agree as follows:

Amendment of the Agreement

The Parties hereby agree to amend the Agreement as of the Effective Date of the Amendment as provided below. Capitalized terms used in this Amendment that are not otherwise defined herein shall have the meanings provided in the Agreement.

1. A new Section 2.8 is hereby added to the Agreement as follows:

"The PARTIES have agreed to amend the RESEARCH PLAN attached to the Agreement as Schedule 1, **as set forth in Attachment 1 hereto*** (the "Amended Research Plan"). As more fully described in the Amended Research Plan, the RESEARCH COMMITTEE is expanding the RESEARCH PLAN **to expedite testing of branched 20K PEG-VWF in a dog efficacy model at the University of Kingston, Ontario, Canada (referred to herein as the "Dog Studies")***. **The Dog Studies*** have been approved **by BAXTER senior management*** and will provide **early data on PEGylated VWF in the definitive non-clinical species. To expedite the Dog Studies*** without affecting the RESEARCH PLAN that has already been agreed to by the Parties and attached to the Agreement as Schedule 1, **NEKTAR will provide BAXTER with 20K branched (MPEG2NHS) reagent (hereinafter, the "20K MPEG2NHS REAGENT")***, as set forth hereinbelow, solely for the purpose **of enabling BAXTER to PEGylate VWF for testing in the Dog Studies (the resulting CONJUGATE, which will consist of such 20K MPEG2NHS REAGENT attached, by means of covalent chemical bonding, to VON WILLEBRAND'S FACTOR*** shall, for purposes of this Amendment, be referred to as the **"VWF CONJUGATE")***.

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Prior to initiating the **Dog Studies***, BAXTER will evaluate the **VWF CONJUGATE *in vitro* and in mouse models***. As already provided for in the RESEARCH PLAN that has already been agreed to by the Parties and attached to the Agreement as Schedule 1, **NEKTAR, at its own facilities***, will also proceed with **PEGylating the 20K MPEG2NHS REAGENT to VWF and making an additional VWF CONJUGATE (to be referred to herein as the "NEKTAR-MADE VWF CONJUGATE")***. If agreed by the RESEARCH COMMITTEE, **NEKTAR may scale up the process to produce such NEKTAR-MADE VWF CONJUGATE and provide such NEKTAR-MADE VWF CONJUGATE to BAXTER for the Dog Studies***.

Pursuant to the Amended Research Plan, (i) NEKTAR has agreed to and shall **supply BAXTER with certain agreed upon quantities of the 20K MPEG2NHS REAGENT, for which BAXTER shall pay to NEKTAR, MANUFACTURING COST (as defined in the Agreement) plus thirty percent (30%) as set forth in section 8.6.1 of the Agreement***; (ii) BAXTER shall use such **20K MPEG2NHS REAGENT*** for the sole purpose of making a **VWF CONJUGATE***; and (iii) BAXTER shall use such **VWF CONJUGATE (and/or NEKTAR-MADE VWF CONJUGATE, if agreed by the RESEARCH COMMITTEE)*** for the sole purpose of conducting **Dog Studies*** as provided for in the Amended Research Plan. In view of the foregoing, it is further agreed that:

(a) **the 20K MPEG2NHS REAGENT and NEKTAR-MADE VWF CONJUGATE shall constitute NEKTAR AL MATERIALS under the Agreement, even though such 20K MPEG2NHS REAGENT is not a SELECTED REAGENT*** under the Agreement;

(b) **the ownership and rights to any and all INVENTIONS (including without limitation any composition of matter of the VWF CONJUGATE or NEKTAR-MADE VWF CONJUGATE, or any and all the methods of making the VWF CONJUGATE or NEKTAR-MADE VWF CONJUGATE) resulting from the use of such 20K MPEG2NHS REAGENT or NEKTAR-MADE VWF CONJUGATE shall be governed by Article 16*** of the Agreement; and

(c) **the 20K MPEG2NHS REAGENT is a NEKTAR PROPRIETARY REAGENT*** as of the EFFECTIVE DATE of the Agreement.

In addition to the foregoing, it is understood and agreed that **BAXTER shall not use the 20K MPEG2NHS REAGENT other then for making a VWF CONJUGATE to be used in the conduct of the Dog Studies*** as provided for in the Amended Research Plan.

BAXTER further agrees to disclose in writing to NEKTAR all INVENTIONS arising from its activities under the Amended Research Plan (including those activities relating to manufacture and/or use of the **VWF CONJUGATE or the NEKTAR-MADE VWF CONJUGATE***) as required by and pursuant to Section 16.2 of the Agreement. Moreover, through the RESEARCH COMMITTEE, BAXTER shall share with NEKTAR data relating to such activities under the Amended Research Plan as required by and pursuant to Section 3.2 of the Agreement.

It is understood and agreed that other than as specifically provided for in the Agreement, and herein and in the Amended Research Plan, **any and all PEGylation of VWF, FACTOR VII and/or FACTOR VIII, shall be performed by or on behalf of NEKTAR***, and carried out under and in accordance with the RESEARCH PLAN and the Agreement.

Notwithstanding anything herein to the contrary, **20K MPEG2NHS REAGENT is not and shall not be considered a SELECTED REAGENT, unless and until 20K MPEG2NHS REAGENT is designated as a SELECTED REAGENT*** pursuant to the Agreement.

2. Miscellaneous

a. **Full Force and Effect.** Except as expressly amended by this Amendment, the Agreement shall remain unchanged and continue in full force and effect as provided therein.

b. **Entire Agreement of the Parties.** This Amendment and the Agreement constitute the complete final and exclusive understanding and agreement of the Parties with respect to the subject matter of the Agreement, and supersede any and all prior or contemporaneous negotiations, correspondence, understandings and agreements, whether oral or written, between the Parties respecting the subject matter of the Agreement.

c. **Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment in duplicate originals by their authorized officers as of the Effective Date of the Amendment.

ACCEPTED AND AGREED,

NEKTAR THERAPEUTICS AL, CORP.

By: **/s/ Jennifer A. Filbey***

Name: **Jennifer A. Filbey***

Title: **VP, Business Development***

BAXTER HEALTHCARE CORPORATION

By: **/s/ Victor W. Schmitt***

Name: **Victor W. Schmitt***

Title: **President, Venture Management***

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

BAXTER HEALTHCARE SA

By: /s/ **Pter Pollini***

Name: **Pter Pollini***

Title: **Director Supply Chain Programs***

By: /s/ **B. Lenzlinger***

Name: **B. Lenzlinger***

Title: **Finance Director***

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

AMENDMENT NO. 3 TO EXCLUSIVE RESEARCH, DEVELOPMENT, LICENSE AND MANUFACTURING AND SUPPLY AGREEMENT

This Amendment No. 3 to Exclusive Research, Development, License and Manufacturing and Supply Agreement (the "Amendment") is made and entered into effective as of December 17, 2007 (the "Effective Date of the Amendment"), by and between Nektar Therapeutics AL, Corp., an Alabama corporation ("Nektar AL") and Baxter Healthcare SA and Baxter Healthcare Corp., (collectively, "Baxter"). NEKTAR and BAXTER may be referred to herein as a "Party" or, collectively, as "Parties."

RECITALS

WHEREAS, NEKTAR AL and BAXTER are parties to an Exclusive Research, Development, License and Manufacturing and Supply Agreement dated September 26, 2005, as amended (the "Agreement"); and

WHEREAS, the Parties desire to further amend the Agreement;

NOW, THEREFORE, in consideration of the foregoing and the covenants and promises contained in this Amendment and in accordance with and subject to the terms and conditions specified below the Parties agree as follows:

Amendment of the Agreement

The Parties hereby agree to amend the Agreement as of the Effective Date of the Amendment as provided below. Capitalized terms used in this Amendment that are not otherwise defined herein shall have the meanings provided in the Agreement.

Any references to **RESEARCH PLAN in Sections 2.3, 2.4.1*** up to but not including the sentence that begins with the words "**[F]or clarity...", 2.4.2, 2.5, 3.1, 3.2, 4.3, 4.5, 6.4.2, 7.1, 13.1, 19.7.2, 19.7.5 and in Article 16***, shall (as applicable) include the **PEG-FIX RESEARCH PLAN***.

All references to 'the Agreement' contained in any Section or subsection of the Agreement shall mean 'the Agreement (as amended)'.

Section 1.26 is hereby deleted in its entirety and replaced by the following:

""FIELD" means **PEGYLATED VON WILLEBRAND'S FACTOR***, either for use alone for the treatment of **Von Willebrand's disease or as a carrier for FACTOR VIII***, in the treatment of **Hemophilia A***; PEGYLATED FACTOR VIII for the treatment of Hemophilia A; **PEGYLATED FACTOR VII*** for the treatment of **Hemophilia A*** and/or **Hemophilia B***; and/or PEGYLATED FACTOR IX for the treatment of Hemophilia B."

Section 1.46 is hereby deleted in its entirety and replaced by the following:

""NEKTAR AL KNOW-HOW" means all **KNOW-HOW CONTROLLED by**

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

NEKTAR AL that pertains to REAGENTS and/or PEGYLATION used to develop, make, use, sell or import POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS. NEKTAR AL PATENT RIGHTS are excluded from the definition of NEKTAR AL KNOW-HOW*."

Section 1.54 is hereby deleted in its entirety and replaced by the following:

"NON-DISCLOSURE AGREEMENTS" means that agreement entered into between the PARTIES on **August 12, 2004, as amended August 12, 2005***, providing for confidential treatment of the PARTIES' information, and those agreements entered into between the PARTIES on **April 5, 2007 and April 17, 2007***, providing for confidential treatment of the PARTES' information."

Section 1.62 is hereby deleted in its entirety and replaced by the following:

"POTENTIAL PRODUCT" means **(i) any chemical entity resulting from attachment of any THERAPEUTIC AGENT to a SELECTED REAGENT by means of PEGYLATION that is selected by the RESEARCH COMMITTEE or (ii) any product using PEGYLATION to extend or otherwise improve the half-life of FACTOR VII***, FACTOR VIII or FACTOR IX, **whether by using PEGYLATION technology directly with FACTOR VII***, FACTOR VIII or FACTOR IX, **or by means of the PEGYLATION of VON WILLEBRAND'S FACTOR (e.g., indirectly using VON WILLEBRAND'S FACTOR as a carrier for FACTOR VIII)***."

A new Section 1.68.A. is hereby added as follows:

"PEG-FIX RESEARCH PLAN" means the PARTIES' respective activities and responsibilities as set forth in the research plan attached hereto as Schedule I-A, as amended and revised by the RESEARCH COMMITTEE from time to time".

The first sentence of Section 1.70 is hereby amended as follows:

"ROYALTY RATE" for COMMERCIAL PRODUCTS **that either (a) contain a chemical entity resulting from attachment of FACTOR VII, FACTOR VIII or VWF to a SELECTED REAGENT by means of PEGYLATION that is selected by the RESEARCH COMMITTEE, or (b) use PEGYLATION to extend or otherwise improve the half-life of FACTOR VII or FACTOR VIII, whether by using PEGYLATION technology directly with FACTOR VII or FACTOR VIII, or by means of the PEGYLATION of VWF (e.g., indirectly using VWF as a carrier for FACTOR VIII)*** means the following:

(i) **four percent (4%) of the first eight hundred million DOLLARS ($800,000,000) of NET SALES*** of all COMMERCIAL PRODUCTS sold in the TERRITORY in a calendar year;

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(ii) **six percent (6%) of the next four hundred million DOLLARS ($400,000,000) of NET SALES*** of all COMMERCIAL PRODUCTS sold in the TERRITORY in such calendar year; and

(iii) **thirteen percent (13%) of any NET SALES*** of all COMMERCIAL PRODUCTS sold in the TERRITORY in such calendar year **in excess of one billion two hundred million DOLLARS ($1,200,000,000)***."

Section 1.80 is hereby deleted in its entirety and replaced by the following:

"THERAPEUTIC AGENT" means **FACTOR VII***, FACTOR VIII, FACTOR IX **or VON WILLEBRAND'S FACTOR, and protein mimetics, peptide mimetics and small molecule mimetics of each of the foregoing***."

Section 1.82 is hereby deleted in its entirety and replaced by the following:

"VALID PATENT CLAIM" means **a claim of an issued and unexpired PATENT within the NEKTAR AL PATENT RIGHTS or JOINT PATENTS covering the composition, manufacture, use, sale, offer for sale or import of a SELECTED REAGENT or a COMMERCIAL PRODUCT, which PATENT is owned or CONTROLLED by NEKTAR AL or jointly by the PARTIES and has not (a) expired or been canceled, (b) been declared invalid by an unreversed and unappealable decision of a court or other appropriate body of competent jurisdiction, (c) been admitted to be invalid or unenforceable through reissue, disclaimer, or otherwise or (d) been abandoned***."

A new Section 1.84 is hereby added as follows:

""FACTOR IX" means a compound that is a Factor IX **molecule and any recombinantly produced equivalents thereof, and any derivatives, mutations, deletions or substitutions thereto having Factor IX activity as measured by assay of human coagulation Factor IX, European Pharmacopoeia monograph 2.7.11***."

A new Section 1.85 is hereby added as follows:

"ROYALTY RATE" for COMMERCIAL PRODUCTS **that either (a) contain a chemical entity resulting from attachment of FACTOR IX to a SELECTED REAGENT by means of PEGYLATION that is selected by the RESEARCH COMMITTEE, or (b) use PEGYLATION to extend or otherwise improve the half-life of FACTOR IX***, means the following:

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(i) **eight percent (8%)*** of the **first three hundred million DOLLARS ($300,000,000) of NET SALES*** of all COMMERCIAL PRODUCTS sold in the TERRITORY in such calendar year;

(ii) **ten percent (10%)*** of the **next one hundred million DOLLARS ($100,000,000) of NET SALES*** of all COMMERCIAL PRODUCTS sold in the TERRITORY in such calendar year; and

(iii) **thirteen percent (13%) of any NET SALES*** of all COMMERCIAL PRODUCTS sold in the TERRITORY in such calendar year **in excess of four hundred million DOLLARS ($400,000,000)***."

Section 2.1 is hereby deleted in its entirety and replaced by the following:

"OVERVIEW. The PARTIES' research and development responsibilities are set forth in the RESEARCH PLAN and/or the PEG-FIX RESEARCH PLAN (as applicable) each of which shall be an evolving document that is updated and revised from time to time in writing by the RESEARCH COMMITTEE.

As decided by the RESEARCH COMMITTEE provided for in Section 3.2, and provided that **BAXTER provides NEKTAR AL with sufficient quantities of recombinant FACTOR VII, FACTOR VIII and VON WILLEBRAND'S FACTOR molecules (with respect to the RESEARCH PLAN) or FACTOR IX molecules*** (with respect to the PEG-FIX RESEARCH PLAN) each in a timely manner in accordance with the time frames set forth in the RESEARCH PLAN or the PEG-FIX RESEARCH PLAN (as applicable) as provided for herein, NEKTAR AL shall, in a timely manner in accordance with the time frames set forth in the RESEARCH PLAN or the PEG-FIX RESEARCH PLAN (as applicable), **provide BAXTER with sufficient quantities of CONJUGATES and SELECTED REAGENTS to be utilized by BAXTER in its research and development activities to extend the half-life (as applicable) of (a) FACTOR VIII using PEGYLATION directly with FACTOR VIII or indirectly with VON WILLEBRAND'S FACTOR as a carrier for FACTOR VIII, (b) FACTOR VII using PEGYLATION, or (c) FACTOR IX using PEGYLATION***. BAXTER shall, in a timely manner in accordance with the time frames set forth in the RESEARCH PLAN and the PEG-FIX RESEARCH PLAN (as applicable), provide NEKTAR AL with **sufficient quantities of recombinant FACTOR VII, FACTOR VIII, VON WILLEBRAND'S FACTOR and FACTOR IX molecules to use in developing REAGENTS and CONJUGATES***.

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NEKTAR AL shall use commercially reasonable efforts to collaborate and cooperate with BAXTER in researching and developing CONJUGATES and REAGENTS (including SELECTED REAGENTS) to be utilized in developing POTENTIAL PRODUCTS pursuant to the RESEARCH PLAN and the PEG-FIX RESEARCH PLAN, as each may be amended from time to time. Initially, **NEKTAR AL shall be responsible for attaching REAGENTS to THERAPEUTIC AGENTS, and shall provide BAXTER with the resulting CONJUGATES***. After the RESEARCH COMMITTEE selects one or more CONJUGATES to develop into POTENTIAL PRODUCTS, the REAGENT that is used to make each such CONJUGATE shall be deemed a SELECTED REAGENT hereunder, and **NEKTAR AL shall transfer the technology to enable BAXTER to manufacture such CONJUGATES, and thereafter provide BAXTER with the specific SELECTED REAGENTS necessary to make such CONJUGATES***, as set forth in **Sections 2.6 and 2.6.1*** below.

BAXTER is responsible for the development of POTENTIAL PRODUCTS after receipt of the CONJUGATES and SELECTED REAGENTS, in accordance with the RESEARCH PLAN and/or the PEG-FIX RESEARCH PLAN (as applicable), and **for all costs and expenses associated therewith (subject to the approval requirements set forth herein)***.

For clarity, **BAXTER may simultaneously develop one or more POTENTIAL PRODUCTS, and take more than one POTENTIAL PRODUCT into clinical trials***. During such clinical trials, or in the event of the cancellation or failure of any such clinical trials, **NEKTAR AL shall continue to provide CONJUGATES and SELECTED REAGENTS throughout the TERM, at BAXTER's request, in accordance with Section 3.2***."

A new Section 2.2.1 is hereby added as follows:

"NEKTAR AL PAYMENTS. For clarity, Section 2.2 shall apply only with respect to NEKTAR AL'S activities in relation to **PEGYLATED FACTOR VII***, PEGYLATED FACTOR VIII **and PEGYLATED VWF*** and this Section 2.2.1 shall apply only with respect to NEKTAR AL'S activities in relation to PEGYLATED FACTOR IX. Accordingly, in addition to the MILESTONES and royalties to be paid by BAXTER to NEKTAR AL under the AGREEMENT, BAXTER shall reimburse NEKTAR AL for those activities directly incurred and solely associated with the research, development and/or manufacture of CONJUGATES and REAGENTS (including SELECTED REAGENTS) for PEGYLATED FACTOR IX at the applicable FTE rate as described in the immediately following paragraph.

The applicable FTE rate (which includes time, standard supplies and material) shall be charged and invoiced at **Three Hundred Twenty-Five Thousand DOLLARS ($325,000)*** for each FTE per year ("PEG-FIX FTE RATE"), subject to the following increases: the PEG-FIX FTE RATE shall be adjusted each calendar year commencing with calendar year 2009 to reflect any year-to-year increase in the Consumer Price Index (CPI) (based on a cumulative index of CPI numbers starting on the Effective Date of the Amendment to the date of the calculation of such PEG-FIX FTE RATE). Moreover, for purposes of work performed by NEKTAR AL in relation to PEGYLATED FACTOR IX, one (1) FTE will equal **1,840 hours annually, or $176.63 per**

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hour*.

In addition to the foregoing, BAXTER shall reimburse NEKTAR AL for additional materials purchased by NEKTAR AL to perform its activities under the PEG-FIX RESEARCH PLAN, **without mark-up***, which materials shall be equipment purchased by NEKTAR AL that is required for the performance of its activities under the PEG-FIX RESEARCH PLAN. The cost of such materials shall not exceed **Five Thousand DOLLARS ($5,000) per month without BAXTER'S prior written consent***. BAXTER shall respond to such a request by NEKTAR AL promptly, and in no event later than **thirty (30) days*** after its receipt of such request.

NEKTAR AL shall invoice FTE costs (which includes time at the PEG-FIX FTE RATE, standard supplies and material) and costs of additional materials to BAXTER **on a quarterly basis***, which BAXTER may audit, pursuant to Section 10.2 of the AGREEMENT. For clarity, BAXTER shall pay for **actual FTE hours worked***, which shall be calculated by multiplying (i) **actual hours worked*** pursuant to this Amendment by (ii) the quotient of (a) the PEG-FIX FTE RATE divided by (b) **one thousand eight hundred forty (1,840)***. BAXTER shall pay the amounts set forth in each such invoice within **sixty (60) days*** after the date thereof.

For clarity, BAXTER shall pay NEKTAR AL as provided for under this Section 2.2.1 for so long as NEKTAR AL is performing activities under the PEG-FIX RESEARCH PLAN; provided, however, that on a POTENTIAL PRODUCT-by-POTENTIAL PRODUCT basis, such **payments shall cease when such POTENTIAL PRODUCT is used in a pre-clinical animal toxicity study or a PHASE 1 CLINICAL TRIAL (whichever is earlier)***, at which point the **manufacture of SELECTED REAGENT has moved from "research and development" to "production" at NEKTAR AL*** and, thereafter, the **costs and expenses to be paid by BAXTER to NEKTAR AL for any further development and/or manufacture of the SELECTED REAGENT*** used in such POTENTIAL PRODUCT **in "production" shall be as provided for in Article 5 and Section 8.6*** of the AGREEMENT and the SUPPLY AGREEMENT.

For the avoidance of doubt, the PARTIES acknowledge that the **One Million DOLLARS ($1,000,000) payment*** that is required to be paid by BAXTER to NEKTAR AL within **ten (10) days of the Effective Date of the Amendment***, as set forth on Schedule II-A, is an **advance payment*** by BAXTER of the FTE costs (which includes time at the PEG-FIX FTE RATE, standard supplies and material) to be paid by BAXTER pursuant to this Section 2.2.1. Notwithstanding the foregoing, NEKTAR AL shall provide an invoice to BAXTER as required above which invoice shall set forth a calculation of the FTE costs totaling **One Million DOLLARS ($1,000,000)*** and a corresponding credit for the **advance payment***; provided, however, that such calculation shall only include a total **number of actual hours worked***."

The first sentence of Section 2.4.2 is hereby deleted in its entirety and shall be replaced by the following:

"Any samples of **recombinant FACTOR VII, FACTOR VIII, VON WILLEBRAND'S FACTOR or FACTOR IX molecules provided by BAXTER to NEKTAR AL*** (collectively,

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the "BAXTER MATERIALS") are owned exclusively by BAXTER and provided solely for the development of CONJUGATES and REAGENTS to extend the half-life of a particular THERAPEUTIC AGENT in conjunction with the RESEARCH PLAN or the PEG-FIX RESEARCH PLAN (as applicable), and for no other purpose."

A new Section 2.6.1 is hereby added as follows:

"SELECTION OF PEGYLATED FACTOR IX POTENTIAL PRODUCTS AND **TECHNOLOGY TRANSFER***. The RESEARCH COMMITTEE shall select PEGYLATED FACTOR IX POTENTIAL PRODUCT(S) from the CONJUGATES and SELECTED REAGENTS provided by NEKTAR AL under the PEG-FIX RESEARCH PLAN and, **following such selection, NEKTAR AL shall transfer to BAXTER technology for the purposes of enabling BAXTER to form PEGYLATED FACTOR IX POTENTIAL PRODUCTS by attaching the SELECTED REAGENTS to recombinant FACTOR IX molecules by means of PEGYLATION. In connection with this technology transfer, NEKTAR AL will provide BAXTER with a description of the synthetic and analytical methods for such POTENTIAL PRODUCTS, and will assist in the technical transfer of such synthetic and analytical methods at the laboratory scale used in the PEG-FIX RESEARCH PLAN***."

The first paragraph of Section 3.2 is hereby deleted in its entirety and replaced by the following:

"RESEARCH COMMITTEE. The RESEARCH COMMITTEE shall be comprised of appropriate representatives of both PARTIES, initially consisting of **three (3)*** representatives from each of NEKTAR AL and BAXTER. Each PARTY shall appoint a RESEARCH PLAN team leader (and other key contacts, as necessary) to serve as principal RESEARCH COMMITTEE liaisons for the PARTIES. Employees of each PARTY who are not on the RESEARCH COMMITTEE may attend meetings of the RESEARCH COMMITTEE, as required to further the research and development of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS. The initial team leader and PARTY representatives are:

BAXTER: (1) Peter Turecek, Ph.D., Senior Director, Preclinical R&D (Team Leader); (2) Hans-Peter Rottensteiner, Ph.D., Senior Manager, Preclinical Characterization; and (3) Fritz Scheiflinger, Ph. D., Vice President, Discovery Research and Technical Assessment*

NEKTAR AL: (1) Christian Pangratz (Team Leader); (2) Mary Bossard, Ph.D.; and (3) Harold Zappe, Ph.D*."

A new Section 3.6 is hereby added as follows:

"3.6.1 **NEKTAR AL Participation in Committees. NEKTAR AL's membership in each of the JOINT STEERING COMMITTEE, DEVELOPMENT AND PRODUCTION COMMITTEE and RESEARCH COMMITTEE, shall be at its sole discretion, as a matter of right and not obligation, for the sole purpose of participation in governance, decision making and information exchange with respect to activities within the jurisdiction of such committee. At any time prior to the disbanding of such committee pursuant to Section 3.6.2, NEKTAR AL shall have the right to withdraw from membership in any or all of the committees upon thirty (30) days' prior written notice to BAXTER, which notice shall be**

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effective as to the relevant committee specified in such notice upon the expiration of such thirty (30) day period ("Withdrawal Notice"). Following the issuance of a Withdrawal Notice for a given committee, the applicable committee shall be disbanded, the decisions formerly made by such committee shall be made as set forth in Section 3.6.3, and NEKTAR AL shall have the right to continue to receive the information it would otherwise be entitled to receive under the AGREEMENT*.

3.6.2 Disbanding of Committees. **In addition to NEKTAR AL'S rights under Section 3.6.1***, the PARTIES shall have the right to disband any committee upon mutual agreement. Additionally, to the extent the applicable committee is not disbanded, such committees shall be automatically disbanded, as applicable, as set forth below:

(i) The JOINT STEERING COMMITTEE shall be automatically disbanded upon **termination of the AGREEMENT***.

(ii) The DEVELOPMENT AND PRODUCTION COMMITTEE shall be automatically disbanded when **NEKTAR AL no longer manufactures and supplies SELECTED REAGENT to BAXTER***.

(iii) The RESEARCH COMMITTEE shall be automatically disbanded upon **completion of the RESEARCH PLAN and the PEG-FIX RESEARCH PLAN***.

3.6.3 Decision Making After **Withdrawal from*** or Disbanding of Committees. If **NEKTAR AL elects to withdraw from any committee under Section 3.6.1***, or if a committee is disbanded pursuant to Section 3.6.2, then after such **withdrawal or*** disbanding, the following shall apply to decisions formerly within the jurisdiction of the committee(s) **from which NEKTAR AL has withdrawn*** or that has been disbanded:

(a) Decisions formerly within the jurisdiction of the JOINT STEERING COMMITTEE shall be submitted for resolution by senior officers of each PARTY, subject to the decision making processes and principles set forth in Section 3.1 applied to decisions to be made by such senior officers rather than to decisions to be made by the JOINT STEERING COMMITTEE.

(b) Decisions formerly within the jurisdiction of the DEVELOPMENT AND PRODUCTION COMMITTEE shall be submitted for resolution by the JOINT STEERING COMMITTEE, if it then exists, or otherwise by senior officers appointed by each PARTY as described in Section 3.6.3(a).

(c) Decisions formerly within the jurisdiction of the RESEARCH COMMITTEE shall be submitted for resolution by the JOINT STEERING COMMITTEE, if it then exists, or otherwise by senior officers appointed by each PARTY as described in Section 3.6.3(a).

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Notwithstanding the amendments to the decision making structure as set forth in this Section 3.6.3, with respect to all decisions that would have been within the jurisdiction of the Research Committee BAXTER shall retain the deciding vote pursuant to Section 3.2 of the Agreement."

Section 4.2 is hereby amended by deleting the first paragraph through subsection (iii) and replacing it with the following:

"TERMS OF SUBLICENSE. The terms of each sublicense under the license granted to BAXTER in Section 4.1 of this AGREEMENT shall provide that any sublicense shall be subject to and consistent with the terms and conditions of this AGREEMENT; provided, however, that:

(i) all royalties or other amounts due to NEKTAR AL with respect to such SUBLICENSEE'S development and/or commercialization of POTENTIAL PRODUCTS or COMMERCIAL PRODUCTS shall be collected by BAXTER and transmitted to NEKTAR AL in accordance with the payment terms set forth in Article 9.

(ii) BAXTER'S grant of any sublicense shall not relieve BAXTER from any of its obligations under this AGREEMENT; and

(iii) BAXTER shall remain jointly and severally liable for any breach of a sublicense by a SUBLICENSEE."

Section 4.3 is hereby amended by deleting subsection (iii) of the first paragraph and deleting the second and third full paragraphs.

A new Section 7.2.1 is hereby added as follows:

"For clarity, Section 7.2 shall apply with respect to the activities of BAXTER, its AFFILIATES or SUBLICENSEES in relation to the development, manufacture or commercialization of POTENTIAL PRODUCTS and/or COMMERCIAL PRODUCTS utilizing (directly or indirectly) **PEGYLATED FACTOR VII, PEGYLATED FACTOR VIII or PEGYLATED VWF***. For good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by BAXTER), with respect to the activities of BAXTER, its AFFILIATES and SUBLICENSEES in relation to the development, manufacture or commercialization of **PEGYLATED FACTOR IX POTENTIAL PRODUCTS and/or PEGYLATED FACTOR IX COMMERCIAL PRODUCTS***, BAXTER agrees to partner exclusively with NEKTAR AL in the FIELD. Specifically, during the TERM, **neither BAXTER**

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nor its AFFILIATES or SUBLICENSEES will carry out activities in the FIELD* other than as provided for in this Amendment or **under the PEG-FIX RESEARCH PLAN***, anywhere in the TERRITORY. **The TERRITORY shall include any place inside or outside the United States (it being understood by the PARTIES hereto that the prohibited activities are not limited to any particular region because such business has been conducted by BAXTER throughout and outside the United States and the prohibited activities may be engaged in effectively from any location in or outside of the United States)** *.

Nothing set forth in this Section 7.2.1 shall prohibit BAXTER from owning not in excess of 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 on the NASDAQ national market system or the NASDAQ Small Cap Market.

In the event that the provisions of Sections 7.1, 7.2 or 7.2.1 should ever be deemed to exceed the limitation provided by applicable law, then the PARTIES agree that such provisions shall be reformed to set forth the maximum limitations permitted."

Section 8.6.1 is hereby amended as follows:

"From the date of selection of a SELECTED REAGENT until the earlier of the date of commencement of a PIVOTAL TRIAL or the date on which the PARTIES enter into the SUPPLY AGREEMENT for such SELECTED REAGENT, BAXTER shall pay NEKTAR AL its MANUFACTURING COST **plus thirty percent (30%) margin*** for each SELECTED REAGENT supplied to BAXTER **on a per gram basis and in full batch increments*** ("PURCHASE PRICE"). BAXTER shall be entitled to audit such MANUFACTURING COST pursuant to Section 10.2."

The first paragraph of Section 9.1 (up to but excluding subsection (i)) is hereby deleted in its entirety and is replaced with the following:

"BAXTER shall pay to NEKTAR AL MILESTONES in accordance with and pursuant to the events described in Schedule II (with respect to POTENTIAL PRODUCT and/or COMMERCIAL PRODUCT (**excluding PEGYLATED FACTOR IX POTENTIAL PRODUCT and/or PEGYLATED FACTOR IX COMMERCIAL PRODUCT***) and in Schedule II-A (with respect to **PEGYLATED FACTOR IX POTENTIAL PRODUCT and/or PEGYLATED FACTOR IX COMMERCIAL PRODUCT***), each as the case may be. Each such applicable MILESTONE shall be payable at the time the corresponding event occurs, and due within **sixty (60) days*** of the event triggering such MILESTONE. Except as set forth in the last paragraph of Section 2.2.1, MILESTONE payments shall not be advance payments against any royalties or other payments due and payable hereunder, but shall be in addition to any royalty or other payments due under the AGREEMENT and this Amendment. In the event BAXTER **makes a payment to NEKTAR AL to extend a Development Diligence milestone date pursuant to Schedule IV or Schedule IV-A (as applicable), the MILESTONE payable following such extension shall be reduced by such amount***."

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A new Section 9.1.5 is hereby added as follows:

"**NO DUPLICATIVE*** MILESTONES FOR THE DEVELOPMENT AND COMMERCIALIZATION OF ONE COMMERCIAL PRODUCT FOR THE TREATMENT OF HEMOPHILIA B. The MILESTONES that are provided for under Schedule II-A shall apply with respect to the first POTENTIAL PRODUCT being developed for Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT that achieves each such MILESTONE, and the first COMMERCIAL PRODUCT receiving MARKETING AUTHORIZATION having a label indication for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT. Such POTENTIAL PRODUCT and COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT may be the same, but in the event they are not, **only one set of MILESTONES shall be due and payable upon achieving each MILESTONE for a POTENTIAL PRODUCT and COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT for the first time***. For clarity, additional milestone payments may be payable by BAXTER in accordance with the provisions of Section 9.1.6.

For clarity, BAXTER or its AFFILIATE or SUBLICENSEE, at BAXTER'S discretion, shall be **entitled to make "multiple-shots-on-goal" and simultaneously develop multiple POTENTIAL PRODUCTS for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, with the goal of successfully commercializing one such POTENTIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, while paying only one set of MILESTONES with respect to the development and commercialization of the first COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT. BAXTER or its AFFILIATE or SUBLICENSEE shall also be entitled to go "back-to-the-drawing-board" and develop multiple POTENTIAL PRODUCTS for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT without paying duplicative MILESTONES. In the event that BAXTER or its AFFILIATE or SUBLICENSEE proceeds in the development of a POTENTIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT beyond pre-clinical development and into clinical trials and subsequently elects to proceed with the development of another POTENTIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT (whether or not the development of the first POTENTIAL PRODUCT has been terminated), then BAXTER shall not be required to repeat the payment of any MILESTONES, but will only be required to pay any and all clinical MILESTONES achieved for the new POTENTIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, beyond those paid for the first POTENTIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT***.

NEKTAR AL shall not be entitled to additional MILESTONES for additional label claims that are obtained by BAXTER or its AFFILIATE or SUBLICENSEE for then-existing COMMERCIAL PRODUCTS for the treatment of Hemophilia B using FACTOR IX as the

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THERAPEUTIC AGENT. **For example, if a COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT has an indication for "the treatment of bleeding during trauma and surgery for persons with Hemophilia B," and later receives an indication for "the prophylactic treatment of Hemophilia B," then no additional MILESTONES are due***.

For the avoidance of doubt, NEKTAR AL shall not be entitled to the payment of any MILESTONES with respect to any POTENTIAL PRODUCT or COMMERCIAL PRODUCT developed for **Hemophilia B using FACTOR VII*** as the THERAPEUTIC AGENT, unless those milestones to be negotiated under Section 9.1.2 have not yet been paid when the MILESTONE events occur with **FACTOR VII for Hemophilia B***"

A new Section 9.1.6 is hereby added as follows:

"ADDITIONAL MILESTONES FOR THE COMMERCIALIZATION OF MORE THAN ONE COMMERCIAL PRODUCT FOR THE TREATMENT OF HEMOPHILIA B. After the receipt of MARKETING AUTHORIZATION for the first FACTOR IX COMMERCIAL PRODUCT for the treatment of Hemophilia B (using FACTOR IX as the THERAPEUTIC AGENT), NEKTAR AL shall be entitled to receive milestone payments in addition to the MILESTONES provided for in Schedule II-A, for each additional POTENTIAL PRODUCT with a label indication for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, for which BAXTER or its AFFILIATE or SUBLICENSEE receives a new MARKETING AUTHORIZATION in the United States and/or European Union. With respect to any additional POTENTIAL PRODUCTS that are FACTOR IX half-life extension products, additional milestone payments shall be made upon the successful completion of a PIVOTAL TRIAL in adults for each such additional POTENTIAL PRODUCT and for each MARKETING AUTHORIZATION received in the United States and/or European Union for each such additional POTENTIAL PRODUCT. **The amounts of such payments will be negotiated by the PARTIES in good faith and agreed upon in a formal written amendment hereto no later than completion of the first PHASE 2 CLINICAL TRIAL*** for each such additional POTENTIAL PRODUCT, provided that the **additional milestone payments*** for each such additional POTENTIAL PRODUCT **will not exceed twelve million, five hundred thousand DOLLARS ($12,500,000) in the aggregate*** per POTENTIAL PRODUCT.

For clarity, BAXTER will negotiate and pay for any milestones in arrears in a scenario where BAXTER takes "multiple shots on goal", and elects to continue to develop a second POTENTIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, after the commercial launch of the first COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT. For example, assume BAXTER has a second POTENTIAL PRODUCT, which is a PEGYLATED FACTOR IX product, in development in a PIVOTAL TRIAL for the treatment of Hemophilia B at the time BAXTER'S first POTENTIAL PRODUCT using FACTOR IX as the THERAPEUTIC AGENT receives MARKETING AUTHORIZATION for the treatment of Hemophilia B. If, after receiving MARKETING AUTHORIZATION

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for the first COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, BAXTER elects to continue the development of the second POTENTIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, it must thereafter negotiate the milestones for the second POTENTIAL PRODUCT and pay the milestone due which was due upon commencement of the PIVOTAL TRIAL in arrears*.

For the avoidance of doubt, a modified COMMERCIAL PRODUCT (including, but not limited to, modified with respect to formulation, presentation, packaging or dosage strength) shall not be considered an additional COMMERCIAL PRODUCT and NEKTAR AL shall not be entitled to any additional milestone payments pursuant to Section 9.1.2 or pursuant to Section 9.1.6 upon the commercialization of any such modified COMMERCIAL PRODUCT if such COMMERCIAL PRODUCT uses the same THERAPEUTIC AGENT and SELECTED REAGENT as the unmodified COMMERCIAL PRODUCT."

The first paragraph of Section 9.2 (up to but excluding Section 9.2.1) is hereby deleted in its entirety and replaced with the following:

"ROYALTIES. With respect to COMMERCIAL PRODUCTS that either (a) contain a chemical entity resulting from attachment of **FACTOR VII, FACTOR VIII or VWF*** to a SELECTED REAGENT by means of PEGYLATION that is selected by the RESEARCH COMMITTEE, or (ii) use PEGYLATION to **extend or otherwise improve the half-life of FACTOR VII or FACTOR VIII***, whether by using PEGYLATION technology **directly with FACTOR VII or FACTOR VIII, or by means of the PEGYLATION of VWF (e.g., indirectly using VWF as a carrier for FACTOR VIII)***, BAXTER shall pay NEKTAR AL royalties in an amount equal to the product of the applicable ROYALTY RATE and the annual aggregate NET SALES of all such COMMERCIAL PRODUCTS on a COMMERCIAL PRODUCT-by-COMMERCIAL PRODUCT and country-by-country basis for an initial period of **ten (10) years*** from the FIRST COMMERCIAL SALE of the applicable COMMERCIAL PRODUCT in the applicable country (the "INITIAL ROYALTY TERM"). Royalties shall be paid during the INITIAL ROYALTY TERM in each and every country where such COMMERCIAL PRODUCT is sold, without regard to whether a VALID PATENT CLAIM covers the composition, manufacture, use, sale, offer for sale or import of the COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT.

With respect to COMMERCIAL PRODUCTS that either (a) contain a chemical entity resulting from attachment of FACTOR IX to a SELECTED REAGENT by means of PEGYLATION that is selected by the RESEARCH COMMITTEE, or (b) use PEGYLATION to extend or otherwise improve the half-life of FACTOR IX, BAXTER shall pay NEKTAR AL royalties in an amount equal to the product of the applicable ROYALTY RATE and the annual aggregate NET SALES of all such COMMERCIAL PRODUCTS on a COMMERCIAL PRODUCT-by-COMMERCIAL PRODUCT and country-by-country basis for an initial period of **twelve (12) years*** from the FIRST COMMERCIAL SALE of the applicable COMMERCIAL PRODUCT in the applicable country (the "PEG-FIX INITIAL ROYALTY TERM"). Royalties shall be paid during the PEG-FIX INITIAL ROYALTY TERM in each and every country where

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such COMMERCIAL PRODUCT is sold, without regard to whether a VALID PATENT CLAIM covers the composition, manufacture, use, sale, offer for sale or import of the COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT."

Section 9.2.1 is hereby deleted in its entirety and replaced by the following:

"After the expiration of the INITIAL ROYALTY TERM or PEG-FIX INITIAL ROYALTY TERM, as the case may be, for a particular COMMERCIAL PRODUCT in a particular country, BAXTER shall continue to pay such royalties on NET SALES of such COMMERCIAL PRODUCT on a world-wide basis provided that there exists, in each of the following major markets in which MARKETING AUTHORIZATION is received for such COMMERCIAL PRODUCT, a VALID PATENT CLAIM which would be infringed by the composition, making, using, having made, offering for sale, sale or importation of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT: **(i) the United States, (ii) Europe (the VALID PATENT CLAIM must exist in at least the United Kingdom, France and Germany) and (iii) Japan*** (collectively, "MAJOR MARKETS"). Such royalties shall be paid on NET SALES of COMMERCIAL PRODUCTS in those countries where the composition, manufacture, import, use, offer for sale or sale of the applicable COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT is not covered by a VALID PATENT CLAIM, provided that the composition, manufacture, import, use, offer for sale or sale of such applicable COMMERCIAL PRODUCT or such SELECTED REAGENT is covered by a VALID PATENT CLAIM in each of the MAJOR MARKETS. **For example, after the expiration of the INITIAL ROYALTY TERM or PEG-FIX INITIAL ROYALTY TERM, as the case may be, in Australia for a particular COMMERCIAL PRODUCT, such royalties will be payable with respect to NET SALES of such COMMERCIAL PRODUCT in Australia if, at the time of the sales on which such royalties will be based, there is a VALID PATENT CLAIM covering the composition, manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in each of the MAJOR MARKETS, even if there is no VALID PATENT CLAIM covering the composition, manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in Australia*.**"

Section 9.2.2 is hereby deleted in its entirety and replaced by the following:

"If, at the time of sale of a COMMERCIAL PRODUCT in a particular country after the expiration of the INITIAL ROYALTY TERM or PEG-FIX INITIAL ROYALTY TERM, as the case may be, in such country, there is no VALID PATENT CLAIM covering the composition, manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in each of the MAJOR MARKETS, then BAXTER shall only owe royalties with respect to NET SALES of COMMERCIAL PRODUCTS in those countries in which a VALID PATENT CLAIM covers the composition, manufacture, use, import, offer for sale or sale of such COMMERCIAL

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PRODUCTS or the SELECTED REAGENT contained in such COMMERCIAL PRODUCTS in such countries. **For example, after the expiration of the INITIAL ROYALTY TERM or PEG-FIX INITIAL ROYALTY TERM, as the case may be, in Australia for a particular COMMERCIAL PRODUCT, such royalties will be payable on NET SALES of such COMMERCIAL PRODUCT in Australia if, at the time of the sales on which such royalties will be based, there is no VALID PATENT CLAIM covering the composition, manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in each of the MAJOR MARKETS but there is a VALID PATENT CLAIM covering the composition, manufacture, use, import, offer for sale or sale of such COMMERCIAL PRODUCT or the SELECTED REAGENT contained in such COMMERCIAL PRODUCT in Australia; however, if no such VALID PATENT CLAIM exists in Australia, then no royalties shall be payable by BAXTER on NET SALES of such COMMERCIAL PRODUCT in Australia***."

Section 9.2.3 is hereby deleted in its entirety and replaced by the following:

"The PARTIES agree that a VALID PATENT CLAIM exists, for purposes of determining whether royalties are payable after the expiration of the INITIAL ROYALTY TERM or PEG-FIX INITIAL ROYALTY TERM, as the case may be, even if components of a COMMERCIAL PRODUCT are sold separately as more fully described in Section 9.3 below, and the only VALID PATENT CLAIM covers the composition, manufacture, use, sale, offer for sale or import of only one component of such COMMERCIAL PRODUCT (**e.g., PEGYLATED VON WILLEBRAND'S FACTOR***)."

Section 9.4 is hereby deleted in its entirety and replaced by the following:

"COMMERCIAL DILIGENCE FOR COMMERCIAL PRODUCTS FOR THE TREATMENT OF HEMOPHILIA A. If, during the TERM, BAXTER sells or markets another FACTOR VIII extended half-life product using a non-PEGYLATION technology which is used to treat Hemophilia A, then BAXTER must meet the COMMERCIAL DILIGENCE THRESHOLD, as set forth below. No later than **five (5) years*** after the FIRST COMMERCIAL SALE of a COMMERCIAL PRODUCT for the treatment of Hemophilia A, where **FACTOR VIII and/or VWF*** is the THERAPEUTIC AGENT, in each MAJOR MARKET in which MARKETING AUTHORIZATION has been obtained, the sales (**as measured in DOLLARS***) of all such COMMERCIAL PRODUCTS in the aggregate shall constitute **at least thirty percent (30%)*** of the total sales (**as measured in DOLLARS***) of all FACTOR VIII extended half-life products used to treat Hemophilia A in such MAJOR MARKET (the "COMMERCIAL DILIGENCE THRESHOLD"). If sales (**as measured in DOLLARS***) of such COMMERCIAL PRODUCTS, in the aggregate, do not meet the COMMERCIAL DILIGENCE THRESHOLD in such MAJOR MARKET within such timeframe, then NEKTAR AL may, **at its sole election***, upon written notice to BAXTER, **elect to co-promote all such FACTOR VIII COMMERCIAL PRODUCTS in such MAJOR MARKET***. In the event NEKTAR AL **elects to exercise its option to co-promote such FACTOR VIII COMMERCIAL PRODUCTS***, the ROYALTY RATE to which NEKTAR AL is otherwise entitled shall be **twenty percent (20%)*** for all NET

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SALES of all COMMERCIAL PRODUCTS **exceeding the sales of the last year in which NEKTAR AL did not co-promote. For example, if BAXTER launches two (2) products, each with an extended half-life for the treatment of Hemophilia A, and five (5) years after the launch of the COMMERCIAL PRODUCT for the treatment of Hemophilia A, where FACTOR VIII and/or VWF is the THERAPEUTIC AGENT, the COMMERCIAL PRODUCT market share of half-life products is only twenty percent (20%), as measured in DOLLARS, then NEKTAR AL shall be entitled to normal royalties until such time as sales total twenty percent (20%) of the market share, and, once sales exceed twenty percent (20%) of the market share, NEKTAR AL shall receive twenty percent (20%) royalties on all NET SALES of all such COMMERCIAL PRODUCTS***. The terms of any such co-promotion agreement shall be negotiated in good faith by the PARTIES, and shall include minimum co-promotion requirements and shall provide that **NEKTAR AL shall not engage an entity that otherwise sells, markets or manufactures treatments for Hemophilia A or Von Willebrand's disease to assist in such co-promotion***."

A new Section 9.4.1 is hereby added as follows:

"COMMERCIAL DILIGENCE FOR COMMERICAL PRODUCTS FOR THE TREATMENT OF HEMOPHILIA B. If, during the TERM, BAXTER sells or markets another FACTOR IX extended half-life product using a non-PEGYLATION technology which is used to treat Hemophilia B, then BAXTER must meet the COMMERCIAL DILIGENCE THRESHOLD, as set forth below. No later than **five (5) years*** after the FIRST COMMERCIAL SALE of a COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, in each MAJOR MARKET in which MARKETING AUTHORIZATION has been obtained, the sales (**as measured in DOLLARS***) of all such COMMERCIAL PRODUCTS in the aggregate shall constitute **at least thirty percent (30%)*** of the total sales (**as measured in DOLLARS***) of all FACTOR IX extended half-life products used to treat Hemophilia B in such MAJOR MARKET (the "COMMERCIAL DILIGENCE THRESHOLD"). If sales (**as measured in DOLLARS***) of such COMMERCIAL PRODUCTS, in the aggregate, do not meet the COMMERCIAL DILIGENCE THRESHOLD in such MAJOR MARKET within such timeframe, then NEKTAR AL may, **at its sole election***, upon written notice to BAXTER, **elect to co-promote all such FACTOR IX COMMERCIAL PRODUCTS in such MAJOR MARKET***. In the event NEKTAR AL **elects to exercise its option to co-promote*** such FACTOR IX COMMERCIAL PRODUCTS, the ROYALTY RATE to which NEKTAR AL is otherwise entitled shall be **twenty percent (20%)*** for all NET SALES of all COMMERCIAL PRODUCTS **exceeding the sales of the last year in which NEKTAR AL did not co-promote. For example, if BAXTER launches two (2) products, each with an extended half-life for the treatment of Hemophilia B, and five (5) years after the launch of the COMMERCIAL PRODUCT for the treatment of Hemophilia B using FACTOR IX as the THERAPEUTIC AGENT, the COMMERCIAL PRODUCT market share of half-life products is only twenty percent (20%), as measured in DOLLARS, then NEKTAR AL shall be entitled to normal royalties until such time as sales total twenty percent (20%) of the market share, and, once sales exceed twenty percent (20%) of the market share, NEKTAR AL shall receive twenty percent (20%) royalties on all NET SALES of all such**

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COMMERCIAL PRODUCTS*. The terms of any such co-promotion agreement shall be negotiated in good faith by the PARTIES, and shall include minimum co-promotion requirements and shall provide that **NEKTAR AL shall not engage an entity that otherwise sells, markets or manufactures treatments for Hemophilia B to assist in such co-promotion***."

A new Section 9.4.2 is hereby added as follows:

"COMMERCIAL DILIGENCE FOR COMMERICAL PRODUCTS FOR THE TREATMENT OF HEMOPHILIA A AND/OR B. If, during the TERM, BAXTER sells or markets another **FACTOR VII*** extended half-life product **using a non-PEGYLATION technology*** which is used to treat Hemophilia A and/or Hemophilia B, then BAXTER must meet the COMMERCIAL DILIGENCE THRESHOLD, as set forth below. No later than **five (5) years*** after the FIRST COMMERCIAL SALE of a COMMERCIAL PRODUCT for the treatment of Hemophilia A or Hemophilia B using **FACTOR VII*** as the THERAPEUTIC AGENT, in each MAJOR MARKET in which MARKETING AUTHORIZATION has been obtained, the sales (**as measured in DOLLARS***) of all such COMMERCIAL PRODUCTS in the aggregate shall constitute **at least thirty percent (30%)*** of the total sales (**as measured in DOLLARS***) of all **FACTOR VII*** extended half-life products used to treat Hemophilia A and/or Hemophilia B in such MAJOR MARKET (the "COMMERCIAL DILIGENCE THRESHOLD"). If sales (**as measured in DOLLARS***) of such COMMERCIAL PRODUCTS, in the aggregate, do not meet the COMMERCIAL DILIGENCE THRESHOLD in such MAJOR MARKET within such timeframe, then NEKTAR AL may, **at its sole election***, upon written notice to BAXTER, **elect to co-promote all such FACTOR VII*** COMMERCIAL PRODUCTS in such MAJOR MARKET. In the event NEKTAR AL **elects to exercise its option to co-promote such FACTOR VII*** COMMERCIAL PRODUCTS, the ROYALTY RATE to which NEKTAR AL is otherwise entitled shall be **twenty percent (20%)*** for all NET SALES of all COMMERCIAL PRODUCTS **exceeding the sales of the last year in which NEKTAR AL did not co-promote. For example, if BAXTER launches two (2) products, each with an extended half-life for the treatment of Hemophilia A and/or Hemophilia B, and five (5) years after the launch of the COMMERCIAL PRODUCT for the treatment of Hemophilia A and/or Hemophilia B using FACTOR VII as the THERAPEUTIC AGENT, the COMMERCIAL PRODUCT market share of half-life products is only twenty percent (20%), as measured in DOLLARS, then NEKTAR AL shall be entitled to normal royalties until such time as sales total twenty percent (20%) of the market share, and, once sales exceed twenty percent (20%) of the market share, NEKTAR AL shall receive twenty percent (20%) royalties on all NET SALES of all such COMMERCIAL PRODUCTS***. The terms of any such co-promotion agreement shall be negotiated in good faith by the PARTIES, and shall include minimum co-promotion requirements and shall provide that **NEKTAR AL shall not engage an entity that otherwise sells, markets or manufactures treatments for Hemophilia A or Hemophilia B to assist in such co-promotion***."

A new Section 9.7 is hereby added as follows:

"OPTION TO ACQUIRE ADDITONAL LICENSE. In addition to the license granted by

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NEKTAR AL to BAXTER under Section 4.1, BAXTER may wish to exercise an option to enter into negotiations with NEKTAR AL to acquire an additional license (the "OPTION"). The conditions under which such OPTION may be exercised, and certain of the terms of such license, **are described more fully in Schedule VIII attached hereto and made a part hereof. With respect to the provisions of Schedule VIII which contemplate the possible negotiation of an additional license agreement calling for the payment by BAXTER of royalties based on NET SALES of COVERED PRODUCTS and NON-COVERED PRODUCTS (as such terms are defined in Schedule VIII), the PARTIES acknowledge and agree that the royalties based on NET SALES of NON-COVERED PRODUCTS are for the purpose of convenience. Notwithstanding that the PARTIES have used royalties based on NET SALES of NON-COVERED PRODUCTS for convenience in Schedule VIII, neither PARTY shall have the right to propose a royalty rate outside the royalty ranges set forth in Schedule VIII for COVERED PRODUCTS and NON-COVERED PRODUCTS during negotiation of the potential license agreement contemplated herein and in Schedule VIII*.** The PARTIES acknowledge and agree that the **provisions outlined in Schedule VIII for purposes of forming the basis of a potential future license agreement between the PARTIES in the event BAXTER exercises its OPTION will, if included in a future license agreement, be valid and enforceable***."

References to NON-DISCLOSURE AGREEMENT in Article 11 are hereby made plural. Any reference to BAXTER MATERIALS and NEKTAR AL MATERIALS in Article 11 includes BAXTER FIX MATERIALS and NEKTAR AL PEG-FIX MATERIALS.

The first sentence of Section 17.2.2A. is hereby deleted in its entirety and replaced by the following:

"NEKTAR AL shall have the right, but not the obligation, to carry out actions against THIRD PARTIES arising from such THIRD PARTIES' infringement or misappropriation of NEKTAR AL LICENSED TECHNOLOGY covering the composition, manufacture, use, import, offer for sale or sale of a SELECTED REAGENT."

Section 19.2 is hereby deleted in its entirety and replaced by the following:

"DISCRETIONARY TERMINATION. BAXTER may terminate this AGREEMENT

(i) in its entirety, other than pursuant to any other provision of this AGREEMENT, at any time, without any liability other than payment of the TERMINATION FEES, if applicable, payable in accordance with both Sections 19.7.5 and 19.7.6, upon **ninety (90) days prior written notice*** to NEKTAR AL;

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(ii) in part, upon **ninety (90) days prior written notice*** to NEKTAR AL, with respect to the development and/or commercialization of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS utilizing (directly or indirectly) **PEGYLATED FACTOR VII, PEGYLATED FACTOR VIII or PEGYLATED VWF***, other than pursuant to any other provision of this AGREEMENT, at any time, without any liability other than payment of the TERMINATION FEE, if applicable, payable in accordance with Section 19.7.5; or

(iii) in part, upon **ninety (90) days prior written notice*** to NEKTAR AL, with respect to the development and/or commercialization of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS utilizing (directly or indirectly) **PEGYLATED FACTOR IX***, other than pursuant to any other provision of this AGREEMENT, at any time, without any liability other than payment of the TERMINATION FEE, if applicable, payable in accordance with Section 19.7.6."

Section 19.3 is hereby amended by adding the following to the end of the existing text:

"Notwithstanding the foregoing, if the failure to comply relates ***only*** **to (a) FACTOR VII, FACTOR VIII or VON WILLEBRAND'S FACTOR or (b) FACTOR IX***, the non-breaching party may only terminate the AGREEMENT in part with respect to all of the THERAPEUTIC AGENTS specified in (a), ***or*** with respect to the THERAPETIC AGENT specified in (b). If the failure to comply relates to ***both*** (c) **FACTOR VII, FACTOR VIII or VON WILLEBRAND'S FACTOR and (d) FACTOR IX***, the non-breaching party **may terminate the entire AGREEMENT***."

The first two paragraphs of Section 19.5 are hereby deleted in their entirety and replaced by the following:

"In the event **BAXTER fails to meet the Development Diligence milestone events set forth in Schedule IV (with respect to PEGYLATED FACTOR VII, PEGYLATED FACTOR VIII or PEGYLATED VWF) or Schedule IV-A (with respect to PEGYLATED FACTOR IX), by the corresponding milestone date set forth in the applicable schedule, and such failure is not due to an ACCEPTABLE DELAY and BAXTER has not extended such deadline as set forth below*** (each such failure to meet and lack of extension hereinafter referred to as a "DILIGENCE DEFECT"), then **NEKTAR AL may***:

(i) at its option, terminate this AGREEMENT in part with respect to **PEGYLATED FACTOR VII, PEGYLATED FACTOR VIII and PEGYLATED VWF or terminate BAXTER'S exclusivity with respect to PEGYLATED FACTOR VII, PEGYLATED FACTOR VIII and PEGYLATED VWF***, if the DILIGENCE DEFECT relates to a Development Diligence milestone set forth in Schedule IV;

(ii) at its option, terminate this AGREEMENT in part with respect to **PEGYLATED FACTOR IX or terminate BAXTER'S exclusivity with respect to PEGYLATED FACTOR IX***, if the DILIGENCE DEFECT relates to a Development Diligence milestone set forth in Schedule IV-A; or

(iii) at its option, terminate this AGREEMENT **in its entirety if there is both a*** DILIGENCE DEFECT relating to a Development Diligence milestone set forth in Schedule IV and a DILIGENCE DEFECT relating to a Development Diligence milestone set forth in Schedule IV-A.

In the event **NEKTAR AL elects to convert to non-exclusive***, Section 7.1 shall no longer apply with respect to that portion of the AGREEMENT and those THERAPEUTIC AGENTS that have been so **converted***, but the royalties and MILESTONES provided for herein shall continue to apply except as otherwise set forth in Section 19.5.2. Notwithstanding the foregoing, before **NEKTAR AL may provide notice of termination or conversion to non-exclusive*** under this Section 19.5, **NEKTAR AL*** shall call a special meeting of the JOINT STEERING COMMITTEE for the **sole purpose of discussing the reasons for BAXTER'S failure to meet the applicable Development Diligence milestone event in Schedule IV or Schedule IV-A (as applicable) by the corresponding milestone date set forth therein and BAXTER'S plans to remedy such failure***. Such special meeting of the JOINT STEERING COMMITTEE shall be held as soon as practicable, but in no event later than **two (2) weeks*** from the date on which **NEKTAR AL*** requests such meeting. At any time during the period commencing on the conclusion of such meeting up through the date that is **three (3) months*** and **two (2) weeks*** after the applicable milestone date, **NEKTAR AL shall notify BAXTER in writing of its election to either terminate or convert to non-exclusive***. Thereafter, **BAXTER will have sixty (60) days*** to either cure (by meeting such Development Diligence milestone event) or to extend the milestone date by the duration of the applicable extension period set forth in Schedule IV or Schedule IV-A (as applicable), by providing written notice of its intent to extend

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and by paying the applicable extension payment within **sixty (60) days*** thereafter. For clarity, the extension period shall commence at the end of the **sixty (60) day cure period. NEKTAR AL shall notify BAXTER in writing of its election to terminate or convert to non-exclusive no later than three (3) months after the expiration of the applicable extension period. For clarity, if BAXTER ceases to develop any POTENTIAL PRODUCT it shall be deemed a termination by BAXTER pursuant to Section 19.2 for purposes of determining whether a TERMINATION FEE is payable by BAXTER. For purposes of this Section 19.5, ceasing to develop a POTENTIAL PRODUCT shall mean that BAXTER has terminated substantially all of its efforts, financial or otherwise, to develop any such POTENTIAL PRODUCT***."

Subsection G. of Section 19.5.1 is hereby deleted its entirety and replaced by the following:

"G. **the inability, after exercise of good-faith efforts as required under this AGREEMENT, during the development of a PEGYLATED POTENTIAL PRODUCT, including a PEGYLATED FACTOR IX POTENTIAL PRODUCT, to meet the requirements necessary for the occurrence of any Development Diligence Milestone event identified in Schedule IV or Schedule IV-A; provided, that the delay is attributable to the process of conducting scientific research, and not actions or timing decisions within the control of Baxter***."

A new Section 19.7.6 is hereby added as follows:

"For clarity, Section 19.7.5 shall apply with respect to termination of the AGREEMENT by BAXTER in its entirety pursuant to Section 19.2(i) or in part under Section 19.2(ii). If BAXTER terminates the AGREEMENT in its entirety pursuant to Section 19.2(i) or in part under Section 19.2(iii), or if NEKTAR AL terminates the AGREEMENT in its entirety or in part (with respect to FACTOR IX) under Section 19.3(b), or if NEKTAR AL terminates the AGREEMENT in part (**with respect to FACTOR IX) under Section 19.5(ii)***, then BAXTER shall pay to NEKTAR AL a termination fee ("PEG-FIX TERMINATION FEE") within **sixty (60) days*** after the effective date of such termination as follows:

(a) If termination occurs after the **dosing of the first human with a PEGYLATED FACTOR IX POTENTIAL PRODUCT in the first PHASE 1 CLINICAL TRIAL, and prior to the initiation of a PHASE 2 CLINICAL TRIAL or PIVOTAL TRIAL for a PEGYLATED FACTOR IX POTENTIAL PRODUCT***, BAXTER shall pay NEKTAR AL a PEG-FIX TERMINATION FEE of **Five Hundred Thousand DOLLARS ($500,000)** *;

(b) If termination occurs after the **initiation of a PHASE 2 CLINICAL TRIAL or PIVOTAL TRIAL for a PEGYLATED FACTOR IX POTENTIAL PRODUCT and prior to the first BLA (or equivalent) filing for a PEGYLATED FACTOR IX POTENTIAL PRODUCT***, BAXTER shall pay NEKTAR AL a PEG-FIX TERMINATION FEE of **Five Hundred Thousand DOLLARS ($500,000)***; and

(c) If termination occurs after the **first BLA (or equivalent) filing for a PEGYLATED FACTOR IX POTENTIAL PRODUCT, and prior to receipt of MARKETING**

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AUTHORIZATION for a PEGYLATED FACTOR IX POTENTIAL PRODUCT in the United States or the European Union*, BAXTER shall pay NEKTAR AL a PEG-FIX TERMINATION FEE of **Two Million DOLLARS ($2,000,000)***.

If BAXTER terminates the AGREEMENT in its entirety under Section 19.2(i), BAXTER shall pay NEKTAR AL both the TERMINATION FEE due and owing to NEKTAR AL under Section 19.7.5, and the PEG-FIX TERMINATION FEE due and owing to NEKTAR AL under this Section 19.7.6. If NEKTAR AL terminates the AGREEMENT in its entirety under Section 19.3, BAXTER shall pay NEKTAR AL **both the TERMINATION FEE due and owing to NEKTAR AL under Section 19.7.5, and the PEG-FIX TERMINATION FEE due and owing to NEKTAR AL under this Section 19.7.6***. If NEKTAR AL terminates the AGREEMENT in part under Section 19.3(a) (***i.e., only with respect to PEGYLATED FACTOR VII, PEGYLATED FACTOR VIII and PEGYLATED VWF POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS***), BAXTER shall pay NEKTAR AL **the TERMINATION FEE due and owing to NEKTAR AL under Section 19.7.5***. If NEKTAR AL terminates the AGREEMENT in part under Section 19.3(b) (***i.e., only with respect to PEGYLATED FACTOR IX POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS***), BAXTER shall pay NEKTAR AL **the PEG-FIX TERMINATION FEE due and owing to NEKTAR AL under this Section 19.7.6***.

Notwithstanding the foregoing, if BAXTER terminates the AGREEMENT in part under Section 19.2(iii) due to a COMMERCIAL FAILURE, the TERMINATION FEE set forth in this Section 19.7.6 **shall not be due***. "COMMERCIAL FAILURE" means:

(i) **the failure to meet the specifications and/or criteria identified in the PEG-FIX RESEARCH PLAN, including satisfactory extension of half-life and meeting clinical endpoints***, as defined by the RESEARCH COMMITTEE;

(ii) **a development issue involving safety, toxicity, efficacy or pharmacokinetics***;

(iii) **inability to acceptably scale up to commercial manufacturing***;

(iv) **new leapfrogging technology or major change in market conditions (for example, the intravenous treatment of Hemophilia B being rendered obsolete by an intervening technology, such as an orally administered FACTOR IX therapy or gene therapy) where such new technology accounts for at least 75% of the market for the treatment of Hemophilia B***;

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(v) **a regulatory requirement that comes into effect after the Effective Date of the Amendment that would materially and adversely alter the development of any PEGYLATED FACTOR IX POTENTIAL PRODUCT as contemplated by the PEG-FIX RESEARCH PLAN; or***

(vi) **if, (A) BAXTER'S patent group eliminates each and every one of the NEKTAR PROPRIETARY REAGENTS and substitutes that are provided by the RESEARCH COMMITTEE and NEKTAR AL, respectively, under Section 9.6 because the patent risks associated therewith are unacceptable, or (B) within two (2) months of the RESEARCH COMMITTEE'S selection of a SELECTED REAGENT, BAXTER gives written notice to NEKTAR AL that the composition of matter or method of manufacture of the SELECTED REAGENT contained in a PEGYLATED FACTOR IX POTENTIAL PRODUCT is reasonably believed by BAXTER to potentially infringe a PATENT of a THIRD PARTY and, within two (2) months of the receipt of such notice, NEKTAR AL is unable to provide an equivalent or better substitute which BAXTER does not reasonably believe has the potential of infringing a THIRD PARTY'S PATENT and BAXTER believes that the risk of obtaining a license under such PATENT necessary to use, manufacture, import, sell, or offer for sale such PEGYLATED FACTOR IX POTENTIAL PRODUCT or PEGYLATED FACTOR IX COMMERCIAL PRODUCT is unacceptable***.

For clarity, if the AGREEMENT is terminated by BAXTER in part under Section 19.2(iii) due to a COMMERCIAL FAILURE, there shall be **no further financial obligations owed by BAXTER to NEKTAR AL other than those set forth in Section 19.7.2***."

Miscellaneous

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a. **Full Force and Effect.** Except as expressly amended by this Amendment, the AGREEMENT shall remain unchanged and continue in full force and effect as provided therein.

b. **Entire Agreement of the Parties.** This Amendment and the AGREEMENT constitute the complete final and exclusive understanding and agreement of the PARTIES with respect to the subject matter of the AGREEMENT, and supersede any and all prior or contemporaneous negotiations, correspondence, understandings and agreements, whether oral or written, between the PARTIES respecting the subject matter of the AGREEMENT.

c. **Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. One or more counterparts of this Amendment may be executed my facsimile or other electronic means.

[Signature Page Follows]

Boldface underline format indicates that certain information contained herein has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

[Signature Page to Amendment No. 3]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment in duplicate originals by their authorized officers as of the Effective Date of the Amendment.

ACCEPTED AND AGREED,

NEKTAR THERAPEUTICS AL, CORP.

By: **/s/ Hoyoung Huh** *
Signature
Name: **Hoyoung Huh** *
Printed
Title: **Chief Operating Officer** *

BAXTER HEALTHCARE CORPORATION

By: **/s/ J. A. Amundson** *
Signature
Name: **J. A. Amundson** *
Printed
Title: **CVP/President Baxter Bioscience***

BAXTER HEALTHCARE SA

By: **/s/ Ignacio Martinez de Lecea** *
Signature
Name: **Ignacio Martinez de Lecea** *
Printed
Title: **Corporate Counsel** *

By: **/s/ Rebecca Binggeli** *
Signature
Name: **Rebecca Binggeli** *
Printed
Title: **Director of Tax, Europe** *

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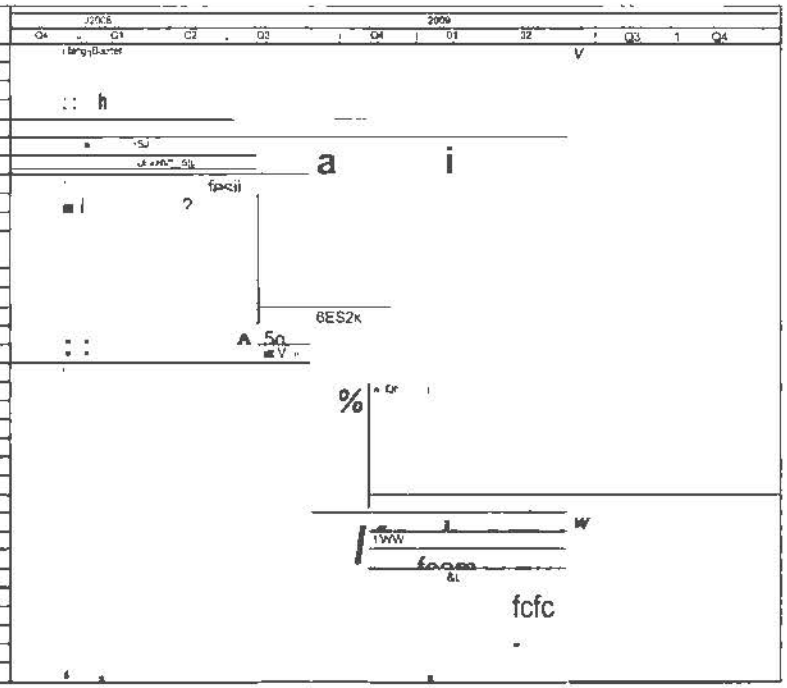
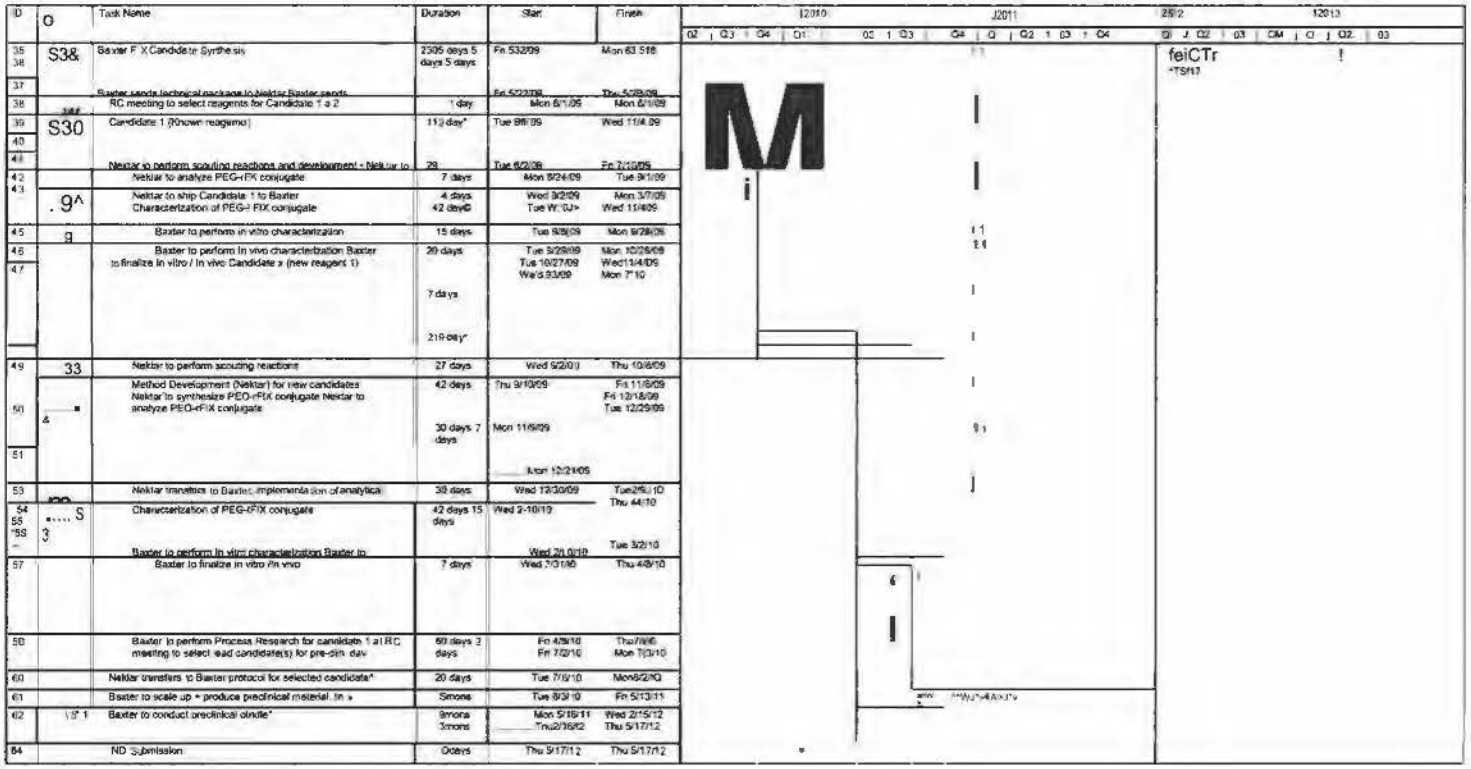
SCHEDULE I-A

PEG-FIX RESEARCH PLAN

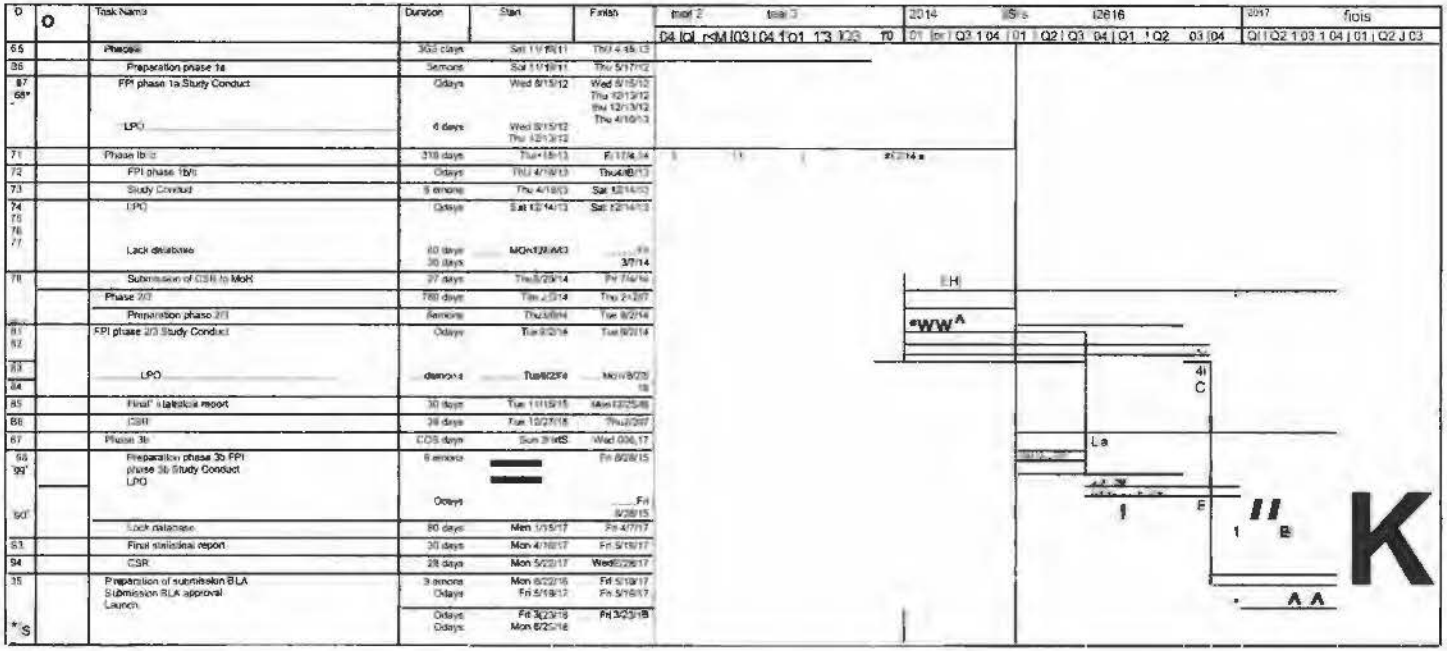
ID	Task Name	Duration	Start	Finish
	BeneFIX Method Development	348 days	Mon 1/7/08	Fri 5/8/09
2	Baxter to reformulate BeneFIX	25 days	Mon 1/7/08	Thu 2/14/08
3	Baxter sends BeneFIX technical package to Nektar	4 days	Tue 2/19/08	Fri 2/22/08
4	Nektar receives BeneFIX material from Baxter	1 day	Mon 2/25/08	Mon 2/25/08
5	Candidate 1 BeneFIX	1 day	Tue 2/26/08	Mon 5/26/08
6	Nektar to perform scouting reactions	14 days	Tue 2/26/08	Fri 3/14/08
7	Nektar to develop analytical methods & reagent synthesis	40 days	Wed 3/5/08	Tue 4/29/08
8	Nektar to re-synthesize PEG-rFIX conjugate	28 days	Wed 4/30/08	Tue 6/10/08
9	Nektar to analyze PEG-BeneFIX	7 days	Wed 6/11/08	Thu 6/19/08
10	Nektar to ship ~20 mg conjugate and research analytics	27 days	Fri 6/20/08	Tue 7/29/08
11	Characterization of PEG-FIX conjugate	42 days	Wed mem	Mon 9/29/08
12	Baxter to perform in vivo characterization	15 days	Wed 7/30/08	
13	Baxter to perform in vivo characterization	20 days	Wed 8/20/08	Thu 9/18/08
14	Baxter to finalize in vitro/in vivo	5 days	Fri 9/19/08	Mon 9/29/08
15	Candidate 2 BeneFIX	150 days	Fri 8/29/08	Tue 2/3/09
16	Nektar to perform scouting reactions	14 days	Fri 8/29/08	Thu 9/11/08
17	Nektar to develop analytical methods & reagent synthesis	40 days	Mon 9/30/08	Mon 11/24/08
18	Nektar to re-synthesize PEG-rFIX conjugate	28 days	Tue 11/25/08	Mon 1/5/09
19	Nektar to analyze PEG-BeneFIX	7 days	Tue 1/6/09	Wed 1/14/09
20	Nektar to ship ~20 mg conjugate and research analytics	27 days	Thu 1/15/09	Fri 2/20/09
21	Characterization of PEG-rFIX conjugate	42 days	Mon 11/24/08	Tue 1/20/09
22	Baxter to perform in vivo characterization	14 days	Mon 11/24/08	Thu 12/11/08
23	Baxter to perform in vivo characterization	20 days	Wed 12/17/08	Fri 1/23/09
24	Baxter to finalize in vitro/in vivo	7 days	Mon 1/26/09	Tue 2/3/09
25	Candidate 3 BeneFIX	152 days	Tue 5/6/08	Fri 5/29/09
26	Nektar to perform scouting reactions	14 days	Thu 10/9/08	Tue 10/28/08
27	Nektar to develop analytical methods & reagent synthesis	40 days	Fri 10/24/08	Mon 12/22/08
28	Nektar to re-synthesize PEG-rFIX conjugate	28 days	Tue 12/23/08	Tue 2/3/09
29	Nektar to analyze PEG-BeneFIX	7 days	Wed 2/11/09	Thu 2/19/09
30	Nektar to ship ~20 mg conjugate and research analytics	29 days	Fri 2/20/09	Wed 4/1/09
31	Characterization of PEG-rFIX conjugate	42 days	Tue 3/3/09	Fri 5/29/09
32	Baxter to perform in vitro characterization	15 days	Thu 4/2/09	Wed 4/22/09
33	Baxter to perform in vivo characterization	20 days	Thu 4/23/09	Wed 5/20/09
34	Baxter to finalize in vitro/in vivo	7 days	Thu 5/21/09	Fri 5/29/09



The information contained in this exhibit has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.



ID		Task Name	Duration	Start	Finish
35	S3&	Baxter F X Candidate Synthesis	2305 days 5 days S days	Fri 532/09	Mon 83 5/8
37		Baxter sends technical package to Nektar Baxter sends		Fri 5/22/09	Thu 5/28/09
38		RC meeting to select reagents for Candidate 1 a 2	1 day	Mon 6/1/09	Mon 6/1/09
39	S30	Candidate 1 (Known reagents)	112 day*	Tue 9/8/09	Wed 11/4 09
40					
41		Nektar to perform scouting reactions and development - Nektar to	29	Tue 6/2/09	Fri 7/10/09
42		Nektar to analyze PEG-rFIX conjugate	7 days	Mon 8/24/09	Tue 9/1/09
43	. 9^	Nektar to ship Candidate 1 to Baxter Characterization of PEG-rFIX conjugate	4 days 42 days@	Wed 9/2/09 Tue W: 0J>	Mon 3/7/09 Wed 11/4/09
45	g	Baxter to perform in vitro characterization	15 days	Tue 9/8/09	Mon 9/28/09
46		Baxter to perform In vivo characterization Baxter to finalize in vitro / In vivo Candidate x (new reagent 1)	29 days 7 days 219 day*	Tue 9/29/09 Tue 10/27/09 We'd 93/09	Mon 10/26/09 Wed11/4/09 Mon 7'10
49	33	Nektar to perform scouting reactions	27 days	Wed 9/2/09	Thu 10/8/09
50	&	Method Development (Nektar) for new candidates Nektar to synthesize PEG-rFIX conjugate Nektar to analyze PEG-rFIX conjugate	42 days 30 days 7 days	Thu 9/10/09 Mon 11/9/09 Mon 12/21/09	Fri 11/6/09 Fri 12/18/09 Tue 12/29/09
53		Nektar transfers to Baxter, implementation of analytical	39 days	Wed 12/30/09	Tue2/9/10
54 55 56	S 3	Characterization of PEG-rFIX conjugate	42 days 15 days	Wed 2-10/10 Wed 2/ 0/10	Thu 4/1/10 Tue 3/2/10
57		Baxter to perform In vitro characterization Baxter to Baxter to finalize in vitro /In vivo	7 days	Wed 2/3 0/10	Thu 4/8/10
58		Baxter to perform Process Research for candidate 1 at RC meeting to select lead candidate(s) for pre-clin dev	60 days 3 days	Fri 4/9/10 Fri 7/2/10	Thu7/8/10 Mon 7/3/10
60		Nektar transfers to Baxter protocol for selected candidate*	20 days	Tue 7/9/10	Mon8/2/10
61		Baxter to scale up + produce preclinical material .In »	5mons	Tue 8/3/10	Fri 5/13/11
62	\ 0' 1	Baxter to conduct preclinical on/de*	9mons 3mons	Mon 5/16/11 Thu2/16/12	Wed 2/15/12 Thu 5/17/12
64		ND Submission	Odays	Thu 5/17/12	Thu 5/17/12



The information contained in this exhibit has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

SCHEDULE II-A

MILESTONES

Pursuant to Section 9.1, the following milestone payments ("MILESTONES") shall be payable by BAXTER to NEKTAR AL upon occurrence of the following milestone events with respect to the first PEGYLATED FACTOR IX POTENTIAL PRODUCT or PEGYLATED FACTOR IX COMMERCIAL PRODUCT (as the case may be). In the event BAXTER makes a payment to NEKTAR AL to extend a Development Diligence milestone event pursuant to Schedule IV-A, the milestone payment following such extension shall be reduced by such amount.

Milestone	Payment (U.S. $)
Within ten (10) days of the Effective Date of the Amendment	$5,000,000
Within ten (10) days of the Effective Date of the Amendment, as pre-payment for NEKTAR AL FTEs	$1,000,000
Selection by the RESEARCH COMMITTEE of SELECTED REAGENT for FACTOR IX for IND enabling pre-clinical and clinical development	$1,000,000
Dosing of PEGYLATED FACTOR IX POTENTIAL PRODUCT in first human in first PHASE 1 CLINICAL TRIAL	$1,000,000
Dosing of PEGYLATED FACTOR IX POTENTIAL PRODUCT in first human in first PHASE 2/3 CLINICAL TRIAL	$1,000,000
First BLA filing or equivalent for PEGYLATED FACTOR IX POTENTIAL PRODUCT	$1,000,000
Receipt of MARKETING AUTHORIZATION for PEGYLATED FACTOR IX POTENTIAL PRODUCT in the United States	$4,000,000
Receipt of MARKETING AUTHORIZATION for PEGYLATED FACTOR IX POTENTIAL PRODUCT in the European Union	$3,000,000

Milestone	Payment (U.S. $)
BAXTER shall pay NEKTAR AL the following one-time payments upon achievement of the corresponding annual NET SALES milestones:	
One time payment when annual worldwide NET SALES of PEGYLATED FACTOR IX COMMERCIAL PRODUCT first reach $100 million	$6,000,000
One time payment when annual worldwide NET SALES of PEGYLATED FACTOR IX COMMERCIAL PRODUCT first reach $200 million	$9,000,000
One time payment when annual worldwide NET SALES of PEGYLATED FACTOR IX COMMERCIAL PRODUCT first reach $400 million	$12,000,000

SCHEDULE IV-A

DEVELOPMENT DILIGENCE MILESTONE EVENTS FOR
PEGYLATED FACTOR IX POTENTIAL PRODUCT

BAXTER agrees to meet the Development Diligence milestone events for a PEGYLATED FACTOR IX POTENTIAL PRODUCT that is a product for the half-life extension of Factor IX to treat Hemophilia B, as set forth below by the corresponding milestone date. BAXTER may extend such milestone date by paying NEKTAR AL the extension payments set out below, to extend the milestone date by the number of corresponding months set out below as the extension period. The extension period shall commence on the expiration of the cure period. BAXTER shall be entitled to deduct an extension payment from the subsequent MILESTONE that becomes due and payable to NEKTAR AL under Schedule II-A.

Milestone Event	**Milestone Date**	**Extension Payment**	**Extension Period**
Initiation of pre-clinical studies required for the filing of an IND	May 16, 2011	$500,000	3 months
Commencement of PHASE 1 CLINICAL TRIAL	August 15, 2012	$500,000	6 months
Commencement of PHASE 2/3 CLINICAL TRIAL	September 2, 2014	$750,000	12 months
BLA Filing	May 19, 2017	$2,000,000	15 months

The Milestone Dates set forth in this Schedule IV-A correspond directly to the dates for such events contained in the PEG-FIX RESEARCH PLAN agreed upon by the parties as of the Effective Date of the Amendment and attached hereto as Schedule I-A. The Parties agree that to the extent the PEG-FIX RESEARCH PLAN is subsequently amended by the RESEARCH COMMITTEE or the JOINT STEERING COMMITTEE, the foregoing Milestone Dates shall, without further action by either Party, be amended to correspond directly with the dates for such events contained in the then-current PEG-FIX RESEARCH PLAN.

Further, BAXTER agrees that while the PEG-FIX RESEARCH PLAN may be amended by

the RESEARCH COMMITTEE, the Parties must mutually agree to the new dates set forth in any such amendment and BAXTER shall not, notwithstanding the provisions of Section 3.2 of the AGREEMENT, have the deciding vote with respect the event dates contained in any such amendment.

SCHEDULE VIII
OPTION

1. BAXTER shall have an exclusive OPTION to acquire an exclusive worldwide license from NEKTAR AL to manufacture, use, sell, offer for sale or import a COVERED PRODUCT that (i) extends the half life of VWF (either for use alone for the treatment of Von Willebrand's disease or as a carrier for FACTOR VIII for the treatment of Hemophilia A), (ii) extends the half-life of FACTOR VII or FACTOR VIII for the treatment of Hemophilia A, or (iii) extends the half-life of FACTOR VII or FACTOR IX for the treatment of Hemophilia B, in each case, other than PEGYLATED FACTOR VII COMMERCIAL PRODUCTS, PEGYLATED FACTOR VIII COMMERCIAL PRODUCTS, PEGYLATED FACTOR IX COMMERCIAL PRODUCTS and PEGYLATED VWF COMMERCIAL PRODUCTS.

2. BAXTER shall also have an exclusive OPTION to acquire an exclusive worldwide license from NEKTAR AL to manufacture, use, sell, offer for sale or import a NON-COVERED PRODUCT that (i) extends the half life of VWF (either for use alone for the treatment of Von Willebrand's disease or as a carrier for FACTOR VIII for the treatment of Hemophilia A), (ii) extends the half-life of FACTOR VII or FACTOR VIII for the treatment of Hemophilia A, or (iii) extends the half-life of FACTOR VII or FACTOR IX for the treatment of Hemophilia B, in each case, other than PEGYLATED FACTOR VII COMMERCIAL PRODUCTS, PEGYLATED FACTOR VIII COMMERCIAL PRODUCTS, PEGYLATED FACTOR IX COMMERCIAL PRODUCTS and PEGYLATED VWF COMMERCIAL PRODUCTS.

3. Sections 1 and 2 of this Schedule VIII are intended to describe a single OPTION. BAXTER shall exercise the exclusive OPTION to enter into a license to manufacture, use, sell, offer for sale or import a COVERED PRODUCT and a NON-COVERED PRODUCT by notifying NEKTAR AL in writing. The PARTIES shall negotiate the terms of such license in good faith within 120 days of the date of NEKTAR AL's receipt of such written notice, but such term may be extended by agreement of the parties to reflect a continuing interest in entering into the aforementioned license. At the end of such 120 day period, or at the end of any extension of such period, if applicable, if NEKTAR AL and BAXTER have not entered into a definitive agreement, then the OPTION terminates, and NEKTAR AL shall have the right to offer and grant a license to manufacture, use, sell, offer for sale or import a COVERED PRODUCT and/or a NON-COVERED PRODUCT to any THIRD PARTY without the obligation to notify BAXTER, or without any other obligation of any nature whatsoever to BAXTER with respect thereto; provided, however, that the foregoing shall not permit NEKTAR to license any intellectual property to any THIRD PARTY in the event that such intellectual property already is licensed to BAXTER pursuant to the AGREEMENT.

4. It is agreed that, in consideration for the grant of a license to manufacture, use, sell, offer for sale or import a COVERED PRODUCT, the royalty rate(s) shall not exceed the ROYALTY RATES set forth in Section 1.70 for NET SALES of all products utilizing CONJUGATION TECHNOLOGIES (but not PEGYLATION) that are sold in the TERRITORY in a calendar year, that either (a) contain a chemical entity resulting from attachment of FACTOR VII, FACTOR VIII or VWF to a reagent by means of CONJUGATION TECHNOLOGIES (but not by means of PEGYLATION), or (b) use

CONJUGATION TECHNOLOGIES (but not PEGYLATION) to extend or otherwise improve the half-life of FACTOR VII or FACTOR VIII, whether by using CONJUGATION TECHNOLOGIES directly with FACTOR VII or FACTOR VIII, or by means of using CONJUGATION TECHNOLOGIES with VWF (e.g., indirectly using VWF as a carrier for FACTOR VIII).

5. It is agreed that, in consideration for the grant of a license to manufacture, use, sell, offer for sale or import a COVERED PRODUCT, the royalty rate(s) shall not exceed the ROYALTY RATES set forth in Section 1.85 for NET SALES of all products utilizing CONJUGATION TECHNOLOGIES (but not PEGYLATION) that are sold in the TERRITORY in a calendar year, that either (a) contain a chemical entity resulting from attachment of FACTOR IX to a reagent by means of CONJUGATION TECHNOLOGIES (but not by means of PEGYLATION), or (b) use CONJUGATION TECHNOLOGIES (but not PEGYLATION) to extend or otherwise improve the half-life of FACTOR IX.

6. In addition to the royalties described in Sections 4 and 5 of this Schedule VIII, the PARTIES agree that if they enter into a definitive license agreement pursuant to the OPTION, BAXTER shall pay a royalty of not less than two percent (2%) of NET SALES of all NON-COVERED PRODUCTS sold in the TERRITORY in a calendar year.

For purposes of this Schedule VIII, the following terms shall have the meanings ascribed to them as follows:

"CONJUGATION TECHNOLOGIES" means (i) one or more water soluble polymers joined to a FACTOR VII, FACTOR VIII, FACTOR IX or VWF through a reversible or non-reversible linker; or (ii) a FACTOR VII, FACTOR VIII, FACTOR IX or VWF joined to a reversible or non-reversible linker. In the case of both (i) and (ii), CONJUGATION TECHNOLOGIES shall exclude anything that falls within the definition of PEGYLATION, including without limitation, the means by which the joining is performed. In the case of both (i) and (ii), CONJUGATION TECHNOLOGIES shall include, at a minimum, anything that falls within the definition of NEKTAR AL CONJUGATION TECHNOLOGIES KNOW-HOW.

"COVERED PRODUCT" shall mean a product or products that contains a chemical entity resulting from attachment of FACTOR VII, FACTOR VIII or VWF to a reagent by means of CONJUGATION TECHNOLOGIES (but not by means of PEGYLATION), or (b) use CONJUGATION TECHNOLOGIES (but not PEGYLATION) to extend or otherwise improve the half-life of FACTOR VII or FACTOR VIII, whether by using CONJUGATION TECHNOLOGIES directly with FACTOR VII or FACTOR VIII, or by means of using CONJUGATION TECHNOLOGIES with VWF (e.g., indirectly using VWF as a carrier for FACTOR VIII), which is encompassed within a claim of (i) an issued and unexpired PATENT that is owned or controlled by NEKTAR AL that has not (a) expired or been canceled, (b) been declared invalid by an unreversed and unappealable decision of a court or other appropriate body of competent jurisdiction, (c) been admitted to be invalid or unenforceable through reissue, disclaimer, or otherwise or (d) been abandoned; or (ii) a PATENT APPLICATION that is owned or controlled by NEKTAR AL ((i) and (ii) collectively the "COVERED PRODUCT IP PATENT RIGHTS").

"NEKTAR AL CONJUGATION TECHNOLOGIES KNOW-HOW" means all know-how CONTROLLED by NEKTAR AL that pertains to CONJUGATION TECHNOLOGIES used to develop, make, use, sell or import any extended half-life FACTOR VII, FACTOR VIII, FACTOR IX or VWF products for the treatment and/or prophylaxis of Hemophilia A or B (other than PEGYLATED FACTOR VII COMMERCIAL PRODUCTS, PEGYLATED FACTOR VIII COMMERCIAL PRODUCTS, PEGYLATED FACTOR IX COMMERCIAL PRODUCTS and PEGYLATED VWF COMMERCIAL PRODUCTS).

"NON-COVERED PRODUCT" shall mean a product or products that contains a chemical entity resulting from attachment of FACTOR VII, FACTOR VIII or VWF to a reagent by means of CONJUGATION TECHNOLOGIES (but not by means of PEGYLATION), or (b) use CONJUGATION TECHNOLOGIES (but not PEGYLATION) to extend or otherwise improve the half-life of FACTOR VII or FACTOR VIII, whether by using CONJUGATION TECHNOLOGIES directly with FACTOR VII or FACTOR VIII, or by means of using CONJUGATION TECHNOLOGIES with VWF (e.g.. indirectly using VWF as a carrier for FACTOR VIII), which is not within the COVERED PRODUCT IP PATENT RIGHTS.

At any time before BAXTER exercises the OPTION, NEKTAR AL may notify BAXTER in writing that BAXTER is obligated to elect to exercise such OPTION with respect to a license to manufacture, use, sell, offer for sale or import a COVERED PRODUCT and/or a NON-COVERED PRODUCT, within ten (10) days of such notification by NEKTAR AL. If, within ten (10) days after the receipt of such notification from NEKTAR AL, BAXTER does not elect to exercise the OPTION to acquire such license, then the OPTION terminates, and NEKTAR AL shall have the right to offer and grant a license to manufacture, use, sell, offer for sale or import a COVERED PRODUCT and/or a NON-COVERED PRODUCT to any THIRD PARTY without the obligation to notify BAXTER, or without any other obligation of any nature whatsoever to BAXTER with respect thereto.

In this Schedule VIII, the PARTIES believe they have clearly differentiated the products that are the subject of the OPTION covered by this Schedule VIII from the POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS licensed to BAXTER elsewhere in this AGREEMENT. For the avoidance of doubt, it is not the intent of the PARTIES that BAXTER pay compensation to NEKTAR if a product subject to the OPTION already is covered by an existing license to BAXTER in another provision of the AGREEMENT. However, the PARTIES believe that such a situation is not possible in view of the mutually exclusive definitions of POTENTIAL PRODUCTS and COMMERCIAL PRODUCTS, on the one hand, and COVERED PRODUCTS and NON-COVERED PRODUCTS on the other hand.