IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MICHAEL DEPINTO, On Behalf of Himself and All Others Similarly Situated, Plaintiff, v. JOHN S. STAFFORD, III, BASSIL I. DAHIYAT, JONATHAN FLEMING, ATUL SARAN, HAROLD R. WERNER, BRUCE L.A. CARTER, CHARLES STEWART, and DONALD C. FOSTER, Defendants.	)	Consol. C.A. No. 10742-CB
IN RE XENCOR, INC. SHAREHOLDERS LITIGATION	)	

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, SETTLEMENT HEARING, AND RIGHT TO APPEAR

TO: ALL FORMER SERIES A, B, C, D OR E PREFERRED STOCKHOLDERS OF XENCOR, INC. ("XENCOR" OR THE "COMPANY") WHOSE SHARES WERE CONVERTED TO SERIES A-1 PREFERRED STOCK OF XENCOR IN XENCOR'S 2013 RECAPITALIZATION (EXCLUDING THE DEFENDANTS AND ANY PERSON, FIRM, TRUST, CORPORATION, OR OTHER ENTITY RELATED TO OR AFFILIATED WITH ANY DEFENDANT).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS ACTION. IF THE COURT OF CHANCERY OF THE STATE OF DELAWARE APROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS OF THE PROPOSED SETTLEMENT OR PURSUING THE "RELEASED CLAIMS" (AS DEFINED BELOW).

PERSONS OR ENTITIES WHO ARE CLASS MEMBERS IN THEIR CAPACITIES AS RECORD HOLDERS, BUT NOT BENEFICIAL OWNERS, ARE REQUESTED TO FORWARD THIS NOTICE PROMPTLY TO BENEFICIAL OWNERS. ADDITIONAL COPIES OF THIS NOTICE MAY BE OBTAINED FROM THE CLAIMS ADMINISTRATOR AS SET FORTH IN SECTION V BELOW.

I. PURPOSE OF THIS NOTICE

You received this Notice of Proposed Settlement of Class Action, Settlement Hearing, and Right to Appear (the "Notice") because you have been identified as a member of the class of former Series A through E preferred stockholders of Xencor (the "Class") whose rights will be affected by a proposed settlement (the "Settlement") of the claims in this class action lawsuit (the "Action"). Under the terms of the Settlement, the Defendants will cause to be paid $2,375,000 for the benefit of the Class, on terms set forth in a Stipulation and Agreement of Compromise, Settlement and Release dated November 21, 2016 (the "Stipulation").

The purpose of the Notice is to inform you of the Action, describe the proposed Settlement, and inform you of the need to file the enclosed Claim Form to receive your share of the Net Settlement Fund.[1] The Settlement will be considered at a hearing to be held by the Court of Chancery of the State of Delaware (the "Court"). The hearing will be held in the Leonard L. Williams Justice Center, Court of Chancery, 500 North King Street, Wilmington, Delaware 19801, on April 4, 2017, at 10:00 a.m. (the "Settlement Hearing") to (a) determine whether Plaintiff and Class Counsel have adequately represented the Class and whether the Settlement should be approved by the Court as fair, reasonable, adequate, and in the best interests of the Class; (b) determine whether an Order and Final Judgment (the "Judgment") should be entered on the terms specified in the Stipulation; (c) consider the application of the law firms of Kessler Topaz Meltzer & Check, LLP and Prickett, Jones & Elliott, P.A. ("Class Counsel") for an award of attorneys' fees, reimbursement of expenses, and payment of an incentive award to Michael DePinto (the "Plaintiff"), the Xencor stockholder who was appointed by the Court to represent the interests of the Class; and (d) rule on such other matters as the Court may deem appropriate.

II. COMPOSITION OF THE CLASS

The "Class" consists of all former holders of shares of Xencor Series A through E Preferred Stock whose shares were converted to Series A-1 Preferred Stock of Xencor (the "A-1 Stock") in Xencor's 2013 recapitalization (the "Recapitalization"), excluding the Defendants and any person, firm, trust, corporation, or other entity related to or affiliated with any Defendant.

A member of the Class is referred to in this Notice as a "Class Member." You may not opt out of the Class.

III. BACKGROUND AND DEVELOPMENTS TO DATE IN THIS ACTION

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

On June 12, 2013, Xencor initiated a multi-part Recapitalization of the Company.

Under the terms of the Recapitalization plan, Xencor, among other things, increased the Company's authorized common and preferred stock, created the new A-1 Stock and reclassified each series of existing Series A through E Preferred Stock into a fraction of a share of A-1 Stock (the "Reclassification"). Xencor also converted outstanding convertible promissory notes (the "Notes") with a face value (excluding interest) of approximately $15.1 million of principal into A-1 Stock at a conversion price of $0.33, so that 3.03 shares of A-1 Stock were issued for each $1 principal of the Notes (the "Note Conversion").

In connection with the Reclassification and Note Conversion, the Company also conducted a financing by selling approximately $10 million of A-1 Stock (the "A-1 Stock Financing"). Specifically, the Company sold 5,586,510 shares of A-1 Stock to certain of its major investors, including John Stafford III and his affiliates; MedImmune Ventures, Inc. and its affiliates; Oxford Biosciences Partners V, LP and its affiliates; and HealthCare Ventures VIII, LP and its affiliates (collectively, the "Major Investors"). The Major Investors were incentivized to participate in the financing pro-rata pursuant to a pay-to-play provision approved by the Company's Board. Despite this, Novo Nordisk A/S declined to participate and its equity position in the Company was significantly diluted pursuant to the pay-to-play provision. The Company's minority shareholders were offered the opportunity to participate pro-rata in the A-1 Stock Financing but were not subjected to the pay-to-play provision. The offering to the minority shareholders was to take place after the offering to the Major Investors closed. The Reclassification, the Note Conversion and the A-1 Stock Financing involving the Major Investors were completed by June 13, 2013.

Thereafter, on July 18, 2013, the Company sent an offering memorandum to its minority shareholders seeking, but not requiring, participation in the A-1 Stock Financing pro-rata. Minority shareholders were also offered the opportunity to purchase additional shares of A-1 stock to the extent the Major Investors declined to participate on a pro-rata basis, leaving unsubscribed shares of A-1 Stock.

In August 2013, Xencor retained underwriters in connection with a potential initial public offering of its common stock.

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[1] For capitalized terms used in this Notice that are not defined where they first appear, please see Section IX, entitled "**DEFINITIONS**."

On September 11, 2013, Xencor filed a confidential registration statement with the Securities and Exchange Commission.

On or about September 23, 2013, Xencor closed the sale of 1,766,430 shares of A-1 Stock to participating Company stockholders other than the Major Investors.

On November 1, 2013, Xencor effected a 3.1-for-1 reverse stock split of its common stock.

On December 3, 2013, Xencor closed its initial public offering ("IPO"), selling 14,639,500 shares of its common stock for $5.50 per share. In connection with the IPO, all of Xencor's outstanding shares of Preferred Stock on September 30, 2013, including the A-1 Stock, were converted into shares of Xencor common stock on a 1-for-1 basis.

On or about September 10, 2014, Plaintiff Michael DePinto and another Xencor stockholder, pursuant to 8 *Del. C.* § 220 ("Section 220"), made a demand on Xencor to inspect certain of its books and records with regard to the Recapitalization. Xencor initially refused the Section 220 demand subject to Plaintiff providing additional information to support the demand. On November 26, 2014, Plaintiff and the other demanding stockholder filed in the Court of Chancery a complaint under Section 220. The parties thereafter resolved the Section 220 action, and Xencor produced to Plaintiff certain books and records with regard to the Recapitalization.

After reviewing and analyzing the documents produced in connection with the Section 220 action, as well as other documents and information regarding the Recapitalization provided by Plaintiff and others, on March 6, 2015, Plaintiff filed a Verified Class Action Complaint for Breach of Fiduciary Duties (Count I) and Invalidity of Director and Stockholder Written Consents (Count II) (the "Class Action Complaint") in this Action. Plaintiff filed the Class Action Complaint seeking an award of monetary and equitable relief for the alleged expropriation of value sustained by Xencor's preferred stockholders (other than the defendants and their related entities) due to the Recapitalization; interest; an award of fees and costs; and other relief deemed to be just and appropriate.

The Class Action Complaint sought certification of a class consisting of all former holders of Xencor Series A through E Preferred Stock whose shares were converted to A-1 Stock in the Recapitalization (other than the defendants and any person, firm, trust, corporation, or other entity related to, or affiliated with, any defendant), and alleged that defendants John S. Stafford, III, Bassil I. Dahiyat, Jonathan Fleming, Atul Saran, Harold R. Werner, Bruce L.A. Carter, Charles Stewart, and Donald C. Foster breached their fiduciary duties in connection with the Recapitalization. The defendants listed in this Paragraph are collectively referred to herein as "Defendants" and individually as a "Defendant."

Count II of the Class Action Complaint challenged the validity of certain of the director and stockholder written consents that authorized the Recapitalization. Count II also alleged that Xencor failed to provide notice to shareholders of amendments made to the Company's certificate of incorporation in November and December 2013.

On June 10, 2015, Xencor brought a verified petition for relief under 8 *Del. C.* § 205 and a Motion to Expedite seeking judicial ratification to validate the corporate acts challenged in Count II of the Class Action Complaint. The Court then directed Xencor to re-file its petition as a counterclaim in the Action. Xencor filed its Verified Counterclaim on July 14, 2015. Plaintiff filed an answer to the Verified Counterclaim on August 3, 2013.

On October 5, 2015, the Parties entered into and filed a Stipulation of Partial Settlement between and among Plaintiff, on behalf of himself only, and Defendants, pursuant to which Plaintiff consented to entry of an Order ratifying the corporate acts challenged in Count II of the Class Action. On December 14, 2015, the Court entered an Order and Partial Final Judgment in accordance with the terms set forth in the Stipulation of Partial Settlement.

On December 14, 2015, the Parties entered into and filed a Stipulation and (Proposed) Order Governing Case Schedule. On December 15, 2015, the Court entered a revised Scheduling Order (the "December 15, 2015 Order").

Pursuant to the December 15, 2015 Order, the Parties engaged in extensive discovery throughout late-2015 and 2016. The Parties engaged in multiple rounds of written discovery, Plaintiff served nine (9) subpoenas, the Parties and third-parties produced over 25,000 documents, Class Counsel deposed ten (10) witnesses, and Defendants' counsel deposed Plaintiff.

On January 6, 2016, Plaintiff filed his Motion for Class Certification. After briefing and oral argument, on June 21, 2016, the Court, pursuant to Court of Chancery Rule 23(a) and 23(b)(1), certified the Class consisting of all former holders of Series A through E Preferred Stock of Xencor whose shares were converted to A-1 Stock in Xencor's 2013 Recapitalization, excluding Defendants and any person, firm, trust, corporation or other entity related to, or affiliated with, any Defendant. The Court also certified

Plaintiff as representative of the Class and the law firms of Prickett, Jones & Elliott, P.A. and Kessler Topaz Meltzer & Check, LLP as Class Counsel.

On July 19, 2016, the Court entered a Third Revised Stipulation and (Proposed) Order Governing Case Schedule that provided, among other things, for a four-day trial to commence on March 7, 2017.

On September 27, 2016, the Parties and/or their representatives attended a voluntary mediation session before Delaware Court of Chancery Vice Chancellor Joseph R. Slights III to attempt to negotiate a global settlement of the Action. During the September 27 mediation session, the Parties agreed to settle Plaintiff's claims.

On September 28, 2016, a term sheet incorporating the terms of an agreement to fully and finally settle the claims asserted in the Action was signed by counsel for Plaintiff and Defendants.

IV. TERMS OF THE SETTLEMENT

Under the Settlement, the Defendants will cause to be paid $2,375,000 (the "Settlement Amount") to settle the claims in the Action, and the Plaintiff and the Class will agree to fully and finally release their right to pursue those claims further in any court. The Releases provided by the Stipulation are worded broadly to bar any possible further claims related to the facts alleged in the Class Action Complaint or otherwise related to the Recapitalization, as further discussed below.

The Settlement is subject to approval by the Court. Any payments to Class Counsel, any incentive award to Plaintiff, and the costs of notice and administration of the Settlement will be paid from the Settlement Amount and interest earned thereon (the "Settlement Fund"). Class Counsel intend to request an attorney fee award of 20% of the Settlement Fund, a $3,000 incentive award for the Plaintiff, and reimbursement of expenses up to $150,000. In addition, Class Counsel expects that the costs of mailing this Notice and administering the Settlement will not exceed $20,000. Any incentive award to the Plaintiff will be paid out of the attorneys' fees awarded to Class Counsel. If the Court approves the payments to Class Counsel in full and the estimate of notice and administration costs is accurate, then the amount available for distribution to the Class will be approximately $1,760,000. The amount available for distribution to the Class after deducting attorneys' fees to Class Counsel, reimbursing Class Counsel's expenses, and paying the costs of Settlement notice and administration is referred to as the "Net Settlement Fund."

This Notice includes only a summary of various terms of the Settlement, and it does not purport to be a comprehensive description of its terms. The complete terms and conditions of the Settlement are set forth in detail in the Stipulation, which has been filed with the Court and is available on the Settlement Website, www.strategicclaims.net.

V. DISTRIBUTION OF THE NET SETTLEMENT FUND

If this Notice has been addressed to you, then you are believed to be a Class Member entitled to receive a payment from the Net Settlement Fund. To confirm your entitlement to a payment, you will be required to sign and return the enclosed Claim Form, which (among other things) contains certifications that the information pre-printed on the form is accurate and that you are not affiliated with any of the Defendants.

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE AN ELIGIBLE CLAIMANT OR THAT YOU ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SIGN AND SUBMIT THE ENCLOSED CLAIM FORM TO THE CLAIMS ADMINISTRATOR SO THAT IT IS RECEIVED NO LATER THAN MAY 13, 2017.

Your payment is estimated to be the amount printed below your name on the Claim Form. Please note that this is only an estimate and your payment could be more or less.

To claim your payment, you must submit the enclosed Claim Form so that it is received no later than May 13, 2017 to the Claims Administrator at Attn: *DePinto vs. Xencor* Settlement, c/o Strategic Claims Services, 600 N. Jackson Street, Suite 3, Media, PA 19063, fax to (610) 565-7985, or e-mail info@strategicclaims.net. If you believe that either (a) the number of shares of Series A through E Preferred Stock that you owned or (b) the principal amount of the Notes, if any, that you owned is different from what is pre-printed on the Claim Form, then you must also submit documentation supporting your position. You may request an additional copy of your Claim Form by calling the Claims Administrator toll-free at (866) 274-4004 or sending an email to info@strategicclaims.net. If you do not submit a timely and valid Claim Form, you will not be entitled to share in the Settlement.

No opinion or advice concerning the tax consequences of the proposed Settlement to individual Class Members is being provided. Each Class Member's tax obligations related to the Settlement, if any, are the sole responsibility of the Class Member, and may vary depending on the Class Member's particular circumstances.

VI. ALLOCATION OF THE NET SETTLEMENT FUND AMONG CLASS MEMBERS

The Net Settlement Fund will be divided among Class Members based on a plan, called a "Plan of Allocation", which will be considered by the Court at the Settlement Hearing and is subject to the Court's approval.

Class Counsel has developed the proposed Plan of Allocation, described below, in consultation with the financial expert they retained in the Action. The Court may decide to modify this plan or use a different one. The Court has also reserved the right to modify the Plan of Allocation without further notice to Class Members. Any Orders regarding the Plan of Allocation will be posted on the Settlement Website, www.strategicclaims.net.

A. Objective of the Plan of Allocation

The objective of the Plan of Allocation is to distribute equitably the Net Settlement Fund among Class Members, taking into account (a) the number of shares of each of the Series A through E Preferred Stock owned by each Class Member, and (b) the principal amount of Notes, if any, owned by each Class Member. The formula used in the Plan of Allocation is not intended to estimate the amount a Class Member might have been able to recover after a trial in the Action. Rather, it is the basis upon which the Net Settlement Fund will be proportionately allocated among Class Members who submit timely, valid and properly executed Claim Forms to the Claims Administrator which claims are approved for payment.

B. Assumptions Used in the Plan of Allocation

The formula used in the Plan of Allocation was based on the following assumptions used by Class Counsel:

1. Xencor's value was $75 million, which is the same value that was used in the Recapitalization;
2. Xencor issued 47,879,522 shares of A-1 Stock, which is the approximate number of shares issued in the Recapitalization;
3. Xencor valued the Notes (including interest) at a price of 0.70 (*i.e.*, [Principal + Interest] ÷ 0.70) instead of 0.33, which was the price the Notes (excluding interest) were valued at in the Recapitalization. This change results in holders of Notes receiving fewer shares of A-1 Stock than what they received in the Recapitalization; and
4. Xencor used the same proportionate allocation of A-1 Stock among the Series A through E Preferred Stock, subject to adjustments made to the exchange ratios used in the Recapitalization to account for Class Counsel's belief that holders of Notes should have received fewer and Class Members should have received a greater number of shares of A-1 Stock in the Recapitalization.

Using the above assumptions, the proposed Plan of Allocation allocates the Net Settlement Fund among Class Members based on the following steps. First, a "Stockholder Loss" is calculated for each Class Member by determining the number of shares of A-1 Stock the Class Member should have received in the Reclassification minus the number of shares of A-1 Stock the Class Member actually received. Second, for those Class Members who also owned Notes, a "Noteholder Gain" is calculated by determining the number of shares of A-1 Stock the Class Member actually received from the conversion of the Class Member's Notes minus the number of shares A-1 Stock the Class Member should have received. Third, a "Net Loss" is calculated for those Class Members whose Stockholder Loss exceeded their Noteholder Gain by subtracting the Class Member's Noteholder Gain from the Class Member's Stockholder Loss.[2] Class Members who did not suffer any Net Loss (because their Noteholder Gain

[2] Some Class Members may have owned Notes in a different name but remained the actual owner or beneficial owner of the Notes. If Class Counsel determines that a Class Member was the actual owner or

exceeded their Stockholder Loss such that they had a "Net Gain") will not receive any of the Settlement Fund. Fourth, a "Total Net Loss" is calculated using the sum of all Net Losses. Fifth, a Class Member's "Net Loss Percentage" is calculated by dividing the Class Member's Net Loss by the Total Net Loss of Class Members that submit timely, valid and properly executed Claim Forms which claims are approved for payment. The Net Settlement Fund will be distributed to Class Members in an amount equal to the Class Member's Net Loss Percentage times the Net Settlement Fund.

Class Counsel owes a duty to all Class Members to treat them equitably, and believes the Plan of Allocation properly offsets a Class Member's Stockholder Loss with any Noteholder Gains. Class Counsel developed the proposed Plan of Allocation without direction from the Plaintiff, who owned shares of Series C and D Preferred Stock only. If you object to the Plan of Allocation or believe that the Net Settlement Fund should be allocated in a different manner, you may file an objection as explained in Section XII below.

Based on the estimated size of the Net Settlement Fund (discussed above in Section IV), and assuming all Class Members eligible to receive a payment submit timely, valid and properly executed Claim Forms, each Class Member's estimated payment is shown on the Claim Form. This amount is only an estimate and the actual payment may be different, depending on the number of claims submitted and accepted for payment.

VII. ADDITIONAL PROVISIONS OF THE SETTLEMENT

All payments made pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Claimants. No person shall have any claim against the Plaintiff, Class Counsel, the Claims Administrator or any other agent designated by Class Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation, the Class Distribution Order or further orders of the Court.

The Defendants are not entitled to get back any portion of the Settlement Fund once the Court's Judgment approving the Settlement becomes Final. The Defendants do not have any liability, obligation, or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.

Approval of the Settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

The Court has reserved jurisdiction over the disposition of the Settlement Fund and the Net Settlement Fund, and claims of Class Members relating to the Action.

Distributions from the Net Settlement Fund will be made after the Judgment approving the Settlement becomes Final, the deadline for submitting Claim Forms has expired, the Class Distribution Order has been entered and the Claims Administrator has completed processing all Claim Forms. All checks shall become stale one hundred twenty (120) calendar days from the date of issuance, at which time all funds remaining for such stale checks shall be irrevocably forfeited by their payees. Following the date on which distribution checks have become stale, the Claims Administrator may conduct one or more further distributions of remaining funds, after payment of any unpaid or associated administrative costs, to Claimants who have cashed the checks issued in the prior distribution. Such further distributions will be made in the discretion of Class Counsel, in consultation with the Claims Administrator, in light of the amount of funds remaining and the administrative costs of a further distribution. Any funds remaining after completion of all distributions shall escheat to the State of Delaware.

VIII. CLAIMS RELEASED AS PART OF THE SETTLEMENT

The Releases provided by the Stipulation are worded broadly to bar any possible further claims related to the facts alleged in the Complaint or otherwise related to the Recapitalization. Applying the broad definitions set forth in the next section, the Settlement will, upon the Effective Date, cause the Plaintiff and all other Class Members fully, finally, and forever, to release, settle, and discharge the "Released Defendant Parties" from and with respect to every one of the "Released Plaintiff Claims" (including "Unknown Claims"), and shall thereupon be forever barred and enjoined from commencing, instituting, or prosecuting any "Released Plaintiff Claims" against any of the "Released Defendant Parties."

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beneficial owner of Notes held in a different name, it will offset the Class Member's Stockholder Loss by any Noteholder Gain of that investor.

Under the Settlement, each of the Defendants and Xencor (and any person or entity acting for or on behalf of, or claiming under, any of them) will provide a reciprocal release of any "Released Defendant Claims" against any of the "Released Plaintiff Parties."

IX. DEFINITIONS

1. "Claimant" means a Class Member who submits a Claim Form to the Claims Administrator seeking to share in the proceeds of the Net Settlement Fund.

2. "Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, diminutions in value, costs, debts, expenses, interest, penalties, fines, sanctions, fees, attorneys' fees, expert or consulting fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, which now exist, or heretofore or previously existed, or may hereafter exist, including known claims and Unknown Claims, whether direct, derivative, individual, class, representative, legal, equitable or of any other type, or in any other capacity, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, including but not limited to any claims under state securities law, or under state disclosure law, or any claims that could be asserted derivatively on behalf of Xencor.

3. "Class Distribution Order" means an order entered by the Court authorizing and directing that the Net Settlement Fund be distributed pursuant to the Plan of Allocation.

4. "Claim Form" or "Proof of Claim Form" means the proof of claim form, as approved by the Court, that will be mailed to all Class Members and that a Claimant must certify and submit to the Claims Administrator in order for that Claimant to be eligible to share in a distribution of the Net Settlement Fund.

5. "Final" means with respect to any judgment or order that the judgment or order is finally affirmed on appeal or is no longer subject to appeal and the time for any petition for reargument, appeal, or review, by certiorari or otherwise, has expired.

6. "Net Settlement Fund" means the Settlement Fund less any Taxes, and Tax Expenses, attorneys' fees, expert fees, notice and administration costs and any other expenses approved by the Court.

7. "Person" means an individual, natural person, corporation, partnership, limited liability company, limited partnership, joint venture, association, joint stock company, estate, legal representative, trust, government (or any political subdivision, department, or agency thereof), and any other type of business or legal entity.

8. "Released Defendants' Claims" means any Claims (including "Unknown Claims") that have been or could have been asserted in the Action or any forum by Defendants or Xencor or their respective successors and assigns against Plaintiff, the Class Members, or any of their respective counsel, which arise out of or relate in any way to the institution, prosecution, settlement or dismissal of the Action; provided, however, that the Released Defendants' Claims shall not include any claims relating to the enforcement of the Settlement.

9. "Released Defendant Parties" means (i) Xencor and the named Defendants, (ii) any of their families, parent entities, controlling persons, associates, affiliates, or subsidiaries; and (iii) each and all of their respective past or present officers, directors, stockholders, principals, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, insurers, commercial bankers, entities providing fairness opinions, underwriters, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors, or assigns of (i) and (ii) above.

10. "Released Plaintiff's Claims" means any and all manner of Claims (including "Unknown Claims") that were asserted by Plaintiff on its own behalf and/or on behalf of all other Class Members in the Action, or could have been or in the future might be asserted by Plaintiff, any Class Member or the Class in the Class Action or in any other court, tribunal, forum or proceeding that are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions, events, conduct, decisions, negotiations, fairness opinions, transactions, occurrences, statements, representations, misrepresentations, omissions, disclosures, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that relate in any way to or concern the Recapitalization, the

Reclassification, or the Note Conversion, including, without limitation, those that were alleged, asserted, or claimed in the Class Action or which are based upon, arise out of, relate in any way to, or involve, directly or indirectly, the events or conduct at issue in the Class Action, provided, however, that the Released Claims shall not include any claims for the enforcement of the Settlement.

11. "Released Plaintiff Parties" means (i) Plaintiff, (ii) all Class Members, and (iii) Class Counsel and any of the foregoing's respective families, parent entities, controlling persons, associates, predecessors, successors, affiliates, or subsidiaries, and each and all of their past or present officers, directors, executives, shareholders, principals, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, auditors, investment bankers, commercial bankers, entities providing fairness opinions, underwriters, brokers, dealers, insurers, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, managers, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors, and assigns.

12. "Released Claims" means the Released Defendants' Claims and the Released Plaintiff's Claims.

13. "Released Parties" means the Released Defendant Parties and the Released Plaintiff Parties.

14. "Claims Administrator" means Strategic Claims Services.

15. "Unknown Claims" means any and all claims that otherwise fall within the definition of Released Plaintiff's Claim and that Plaintiff or any Class Member does not know or suspect exists in his, her or its favor at the time of the release of the Released Claims as against the Released Defendant Parties, including without limitation those which, if known, might have affected the decision to enter into this Settlement, and any and all claims that otherwise fall within the definition of Released Defendants' Claims and that any Defendant or Xencor does not know or suspect to exist in his, her or its favor at the time of the release of the Released Claims as against the Released Plaintiff Parties, including without limitation those which, if known, might have affected the decision to enter into this Settlement. With respect to any of the Released Claims, the Parties stipulate and agree that upon the Effective Date, Plaintiff, Xencor and each Defendant shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Parties acknowledge, and the other Class Members by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of Parties, and by operation of law the other Class Members, to completely, fully, finally and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Parties acknowledge, and the other Class Members and other Released Parties by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Released Claims" was separately bargained for and was a key element of the Settlement and was relied upon by the Parties in entering into this Stipulation.

X. APPLICATION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

The Plaintiff and Class Counsel intend to petition the Court for an award of attorneys' fees of 20% of the Settlement Fund and for reimbursement of expenses up to $150,000 (the "Fee and Expense Application"), and an incentive award to the Plaintiff in the amount of $3,000. Any incentive award to the Plaintiff will be paid out of the attorneys' fees awarded to Class Counsel. Class Counsel will make no other application for an award of attorneys' fees or expenses in connection with the Action other than the Fee and Expense Application. Final resolution by the Court of the Fee and Expense Application is not a precondition to the dismissal of the Action in accordance with the Stipulation, and the Fee and Expense Application may be considered separately from the Settlement. The failure of the Court to approve the

Fee and Expense Application in whole or in part shall have no effect on the Settlement. The Parties acknowledge and agree that any award of attorneys' fees and expenses by the Court to Class Counsel shall be paid solely out of the Settlement Fund pursuant to the Stipulation, subject to Class Counsel's joint and several obligation to refund or repay within five (5) business days any amounts paid if as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the amount awarded is overturned or reduced. Class Counsel warrant that no portion of any such award of attorneys' fees or expenses shall be paid to the Plaintiff or any Class Member, except as approved by the Court.

XI. THE SETTLEMENT HEARING

The Court has scheduled a Settlement Hearing which will be held on April 4, 2017 at 10:00 a.m., in the Leonard L. Williams Justice Center, Court of Chancery, 500 North King Street, Wilmington, Delaware 19801 to:

a. determine whether Plaintiff and Class Counsel have adequately represented the Class, and whether the Stipulation, and the terms and conditions of the Settlement proposed in the Stipulation, are fair, reasonable, and adequate and in the best interests of the Class Members and should be approved by the Court;
b. determine whether the proposed Plan of Allocation is fair and reasonable as to all Class Members and make any modifications determined by the Court to be appropriate;
c. determine whether the Judgment should be entered dismissing the Action and the Released Claims as to the Released Parties with prejudice as against the Plaintiff and the Class, releasing the Released Claims, and barring and enjoining prosecution of any and all Released Claims;
d. hear and rule on any objections to the Settlement;
e. consider the application of Class Counsel for an award of attorneys' fees and reimbursement of expenses and payment to the Plaintiff of an incentive award; and
f. hear and rule on such other matters as the Court may deem appropriate.

If the Court approves the Settlement, the Parties will ask the Court to promptly enter the Judgment and, as a result of such Judgment, the Action and the Released Claims will be dismissed on the merits with respect to all Released Parties and with prejudice against the Plaintiff and all Class Members. As further described in Section VIII above, that release and dismissal will bar the institution or prosecution by Plaintiff or any other Class Member of any other action asserting any Released Plaintiff Claim against any of the Released Parties.

Following the approval of the Settlement by the Court (and assuming the Court's ruling is upheld on any appeal), the Net Settlement Fund will be distributed to Claimants, consistent with the Plan of Allocation and the Class Order of Distribution approved by the Court.

If the Effective Date does not occur, or if the Stipulation is disapproved, canceled, or terminated pursuant to its terms, (a) all of the Parties to the Stipulation shall be deemed to have reverted to their respective litigation status immediately prior to September 28, 2016, and they shall proceed in all respects as if the Stipulation had not been executed and the related orders had not been entered; (b) all of their respective claims and defenses as to any issue in the Action shall be preserved without prejudice in any way; and (c) the statements made in connection with the negotiations of the Stipulation shall not be deemed to prejudice in any way the positions of the Parties with respect to the Action, or to constitute an admission of fact or wrongdoing by any Party, and shall not be used or entitle any Party to recover any fees, costs, or expenses incurred in connection with the Action, and neither the existence of the Stipulation nor its contents nor any statements made in connection with its negotiation or any settlement communications shall be admissible in evidence or shall be referred to for any purpose in the Action, or in any other litigation or judicial proceeding.

XII. RIGHT TO APPEAR AND OBJECT

As a Class Member, you are represented by the Plaintiff and Class Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in the next section.

If you wish to object to the Settlement or any of its terms, the proposed Plan of Allocation, Class Counsel's application for attorneys' fees and reimbursement expenses, or the incentive award to the Plaintiff, you may present your objections by following the instructions below.

Any Class Member who objects to the Settlement or any of its terms, the proposed Plan of Allocation, Class Counsel's application for attorneys' fees and reimbursement of expenses, or the incentive award to the Plaintiff, or who otherwise wishes to be heard, may appear in person or through counsel at the Settlement Hearing and present any evidence or argument that may be proper and relevant. To do so, you must, no later than March 22, 2017 (unless the Court otherwise directs for good cause shown), file with the Court of Chancery, located at Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware 19801, and serve on the attorneys listed below, the following documents: (i) a written notice of the intention to appear identifying the name, address and telephone number of the objector and, if represented, your counsel; (ii) proof of your membership in the Class; (iii) a written statement of your objections to any matter before the Court; (iv) the grounds for such objections and the reasons for your desiring to appear and to be heard; and (v) all documents and writings which you desire the Court to consider. These papers must be served by hand delivery, overnight mail or electronic filing via File and ServeXpress e-serve on the following attorneys:

Elizabeth M. McGeever, Esquire
Kevin H. Davenport, Esquire
PRICKETT, JONES & ELLIOTT, P.A
1310 North King Street
Wilmington, Delaware 19801

William M. Lafferty, Esquire
D. McKinley Measley, Esquire
MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 North Market Street
Wilmington, Delaware 19801

Any person who fails to object in the manner prescribed above shall be deemed to have waived such objection and shall forever be barred from raising such objection in the Action or any other action or proceeding.

XIII. SCOPE OF NOTICE

This Notice does not purport to be a comprehensive description of the Action, the allegations in it, the terms of the Settlement or the Settlement Hearing. For further information regarding the matters involved in this litigation, you may inspect the pleadings and other papers filed in the Action, unless sealed, at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, Leonard L. Williams Justice Center, 500 North King Street, Wilmington, Delaware, 19801, during regular business hours of each business day. DO NOT WRITE OR TELEPHONE THE COURT.

If you have questions regarding the Settlement, you may direct them to the Claims Administrator or Class Counsel, as follows:

Strategic Claims Services
Attn: DePinto v. Xencor Settlement
600 N. Jackson Street, Suite 3
Media, PA 19063
Telephone: (866) 274-4004

Eric L. Zagar, Esquire
KESSLER TOPAZ MELTZER & CHECK LLP
280 King of Prussia Road
Radnor, Pennsylvania 19087
(610) 667-7706

Elizabeth M. McGeever, Esquire
Kevin H. Davenport, Esquire
PRICKETT, JONES & ELLIOTT, P.A
1310 North King Street
Wilmington, Delaware 19801
Telephone: (302) 888-6500

BY ORDER OF THE COURT:

____
Register in Chancery

Dated: January 23, 2017

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE
***DePinto v. Stafford*, C.A. No. 10742--CB**

CLAIM FORM

Name: Mailing Address: Number of Xencor Series A Preferred Stock: Number of Xencor Series B Preferred Stock: Number of Xencor Series C Preferred Stock: Number of Xencor Series D Preferred Stock: Number of Xencor Series E Preferred Stock: $ ________ of principal of Xencor Convertible Promissory Notes Estimated payment:

TO RECEIVE A PAYMENT FROM THE SETTLEMENT, YOU MUST COMPLETE AND RETURN THIS CLAIM FORM TO THE CLAIMS ADMINISTRATOR SO THAT IT IS RECEIVED NO LATER THAN MAY 13, 2017. IF THE SETTLEMENT IS APPROVED BY THE COURT, YOU WILL BE BOUND BY THE RELEASE IN THE STIPULATION AND AGREEMENT OF COMPROMISE, SETTLEMENT AND RELEASE, WHETHER OR NOT YOU RETURN THIS FORM. IF YOU HAVE QUESTIONS, PLEASE CONTACT THE CLAIMS ADMINISTRATOR TOLL-FREE AT 1-866-274-4004 OR INFO@STRATEGICCLAIMS.NET.

INSTRUCTIONS

1. Please read this form and the accompanying Notice thoroughly before completing this form.

2. Review the information pre-printed in the box above. If you disagree with the information regarding the number of shares of Xencor Series A through Series E Preferred Stock you held as of June 12, 2012, or the principal amount of Xencor Convertible Promissory Notes you owned as of June 12, 2012, please correct that information, initial your changes, and attach supporting documentation (please do not send originals). If your mailing address has changed, please note your new address above. If you move after submitting this form, please inform the Claims Administrator by one of the means indicated below.

3. Sign, date and print your name at the bottom of this form. If more than one stockholder is identified in the box above, then all must sign this form.

4. After completing and signing this form, return it, together with documentation supporting any changes to the information pre-printed in the box above, no later than May 13, 2017, by any of the following means:

→ By first-class or express mail to: *DePinto vs. Xencor* Settlement, c/o Strategic Claims Services, 600 N. Jackson Street, Suite 3, Media, PA 19063

→ Scanned copies, by email to: info@strategicclaims.net

→ By fax to: (610) 565-7985

5. Claim forms submitted by email will be acknowledged upon receipt by reply email. Claim forms submitted by other means will be acknowledged within 60 days by mailed postcard.

CERTIFICATIONS

I (We) certify that to the best of my (our) knowledge, the information pre-printed in the box above (including any corrections I (we) have marked) is correct and I (we) have not assigned any claim against the Defendants related to Xencor's June 2012 recapitalization.

I (We) certify that I am (we are) not a person, firm, trust, corporation or other entity related to or affiliated with any of the following defendants: John S. Stafford, III, Bassil I. Dahiyat, Jonathan Fleming, Atul Saran, Harold R. Werner, Bruce L.A. Carter, Charles Stewart, or Donald C. Foster.

I (We) certify that I (we) have not submitted any other Claim Form covering the same holdings of Xencor Series A through E Preferred Stock as of June 12, 2012, and know of no other person having done so on my (our) behalf.

If I am (we are) signing below in a representative capacity (e.g., as an officer, trustee, executor, agent or stockholder representative), then I (we) certify that I am (we are) duly authorized to sign and submit this Claim Form.

I (We) certify that I am (we are) not subject to backup withholding under the Internal Revenue Code. *If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the previous sentence.*

SUBMISSION TO COURT'S JURISDICTION

I (We) submit to the jurisdiction of the Court of Chancery of the State of Delaware, with respect to my (our) claim as a Class Member(s).

____

I (We) declare under penalty of perjury under the laws of the United States of America that all of the foregoing certifications are true and correct.

Date: ___________________

___________________________________	___________________________________
(Sign your name here)	(Joint Owner-Sign your name here)
___________________________________	___________________________________
(Print or type your name here)	(Joint Owner-Print or type your name here)

If signing in a representative capacity (e.g., as an officer, trustee, executor, agent or stockholder representative), (1) state the capacity below, and (2) if the stockholder identified above is an individual, submit documentation of your authority (e.g., order appointing executor).

____

Capacity of Person Signing