FreightCar America, Inc.
Form 8-K
February 24, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): February 21, 2011
FREIGHTCAR AMERICA, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**000-51237**	**25-1837219**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

Two North Riverside Plaza, Suite 1250 **Chicago, Illinois** (Address of principal executive offices)	**60606** (Zip Code)

(800) 458-2235
(Registrant s telephone number, including area code)
N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 8 Other Events

Item 8.01 Other Events.

FreightCar America, Inc. (the Company) has received orders from Norfolk Southern Railway Company (Norfolk Southern) for 1,500 coal cars to be manufactured in 2011 and another 1,500 coal cars to be manufactured in 2012. The Company expects to manufacture these coal cars at its Roanoke, Virginia facility. As previously announced in the Company s February 17, 2011 earnings press release, since the beginning of 2011 the Company has received orders for more than 3,000 new railcars to be manufactured during 2011 and 2012. The orders from Norfolk Southern are included in the figure mentioned in the press release.

SIGNATURES

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

FreightCar America, Inc.

Date: February 23, 2011

By: /s/ Laurence M. Trusdell
Name: Laurence M. Trusdell
Title: General Counsel and Corporate Secretary

="margin-bottom:0pt;margin-top:0pt;margin-left:0pt;;text-indent:0pt;;color:#000000;font-family:Times New Roman;font-size:10pt;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">

Research and development

43,111

27,748

15,363

55%

General and administrative

12,530

10,586

1,944

18%

Total operating expenses

55,641

38,334

17,307

45%

Loss from operations

(29,686

)

(38,334

)

8,648

-23%

Interest income, net

1,860

330

1,530

464%

Net loss

$

(27,826

)

$

(38,004

)

$

10,178

-27%

*Percentage not meaningful.

Collaboration Revenue

Collaboration revenue increased $26.0 million for the year ended December 31, 2017 and represents the portion of deferred revenue from the $45.0 million upfront fee and $12.0 million milestone achieved in the first quarter of 2017 from the Incyte Collaboration Agreement recognized ratably over the estimated performance period that is consistent with the term of our obligations under the agreement.

Research and Development

Research and development expenses increased $15.4 million, or 55%, from $27.7 million for 2016 to $43.1 million for 2017. The increase of $15.4 million was due to an $18.5 million increase in the CB-839 program to support our new and ongoing clinical

trials, including our two Phase 2 trials, as well as an increase of $3.5 million from investment in our early stage research programs, offset by a decrease of $6.6 million from the INCB001158 program, primarily due to Incyte's co-funding of development costs pursuant to the Incyte Collaboration Agreement.

General and Administrative

General and administrative expenses increased $1.9 million, or 18%, from $10.6 million for 2016 to $12.5 million for 2017. The increase was due to an increase of $1.0 million in professional services, including activities to support our collaboration and license agreements and our Phase 2 clinical trials, and an increase of $0.9 million in higher personnel-related costs, primarily as a result of higher headcount, salary increases and stock-based compensation expenses.

Interest Income

Interest income increased $1.5 million, from $0.3 million for the year ended December 31, 2016 to $1.8 million for the year ended December 31, 2017. The increase of $1.5 million was due to higher interest income generated from higher returns on our investments and higher cash equivalents and investment balances compared to the prior year.

Comparison of the Years Ended December 31, 2016 and 2015

	Year Ended December 31,		Change	
	2016	2015	$	%
	(in thousands, except percentages)			
Revenue:				
Collaboration revenue	$—	$—	$—	*
Total revenue	—	—	—	*
Operating expenses:				
Research and development	27,748	23,748	4,000	17%
General and administrative	10,586	9,071	1,515	17%
Total operating expenses	38,334	32,819	5,515	17%
Loss from operations	(38,334)	(32,819)	(5,515)	17%
Interest income, net	330	175	155	89%
Net loss	$(38,004)	$(32,644)	$(5,360)	16%

*Percentage not meaningful.

Research and Development

Research and development expenses increased $4.0 million, or 17%, from $23.7 million for 2015 to $27.7 million for 2016. The increase was due to an increase of $2.3 million in personnel-related costs primarily as a result of higher headcount, salary increases and stock-based compensation expenses, an increase of $1.1 million primarily related to increased preclinical development and manufacturing activities in support of our arginase inhibitors program, and an increase of $0.8 million in clinical trial related expenses in connection with our CB-839 and INCB001158 Phase 1 clinical trials, partially offset by a decrease of $0.2 million related to fees under our licensing arrangements.

General and Administrative

General and administrative expenses increased $1.5 million, or 17%, from $9.1 million for 2015 to $10.6 million for 2016. The increase was due to an increase of $1.2 million in personnel-related costs as a result of higher headcount, salary increases and stock-based compensation expense, $0.3 million due to a one-time severance charge related to a former employee, and an increase of $0.2 million in professional services costs primarily related to legal costs to support our patent portfolio, partially offset by a decrease of $0.2 million for a payment to a third party related to a terminated license arrangement.

Liquidity and Capital Resources

As of December 31, 2017, we had cash, cash equivalents and investments totaling $186.2 million. Our operations have been financed by net proceeds from the sale of shares of our capital stock and payments from the Incyte Collaboration Agreement.

In August 2017, we filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission which permits the offering, issuance and sale by us of up to a maximum aggregate offering price of $250.0 million of our common stock, or the 2017 Registration Statement, replacing the shelf registration statement on Form S-3 we filed with the Securities and Exchange Commission in November 2015, which permitted the offering, issuance and sale by us of up to a maximum aggregate offering price of $150.0 million of our common stock, or the 2015 Registration Statement. $50.0 million of the maximum aggregate offering price of $150.0 million was issued and sold pursuant to an ATM for sales of our common stock under a sales agreement with Cowen and Company, LLC, or Cowen, our placement agent, under our 2015 Registration Statement, or the 2015 ATM. As of December 31, 2017, $248.3 million of our common stock remained available for sale pursuant to the 2017 Registration Statement, of which up to $48.3 million may be issued and sold pursuant to an at-the-market offering program, or 2017 ATM program, for sales of our common stock under a sales agreement with Cowen, subject to certain conditions as specified in the sales agreement.

During the year ended December 31, 2017, we sold an aggregate of:

- 7,854,500 shares of common stock pursuant to an underwriting agreement with Leerink Partners LLC as representative of the several underwriters at a public offering price of $10.25 per share for gross proceeds of $80.5 million, resulting in net proceeds of $75.4 million after deducting underwriting fees and offering expenses under our 2015 Registration Statement.
- 4,351,114 shares of common stock pursuant to our 2015 ATM and 2017 ATM, at an average price of approximately $9.11 per share for gross proceeds of $39.6 million, resulting in net proceeds of $38.3 million after deducting underwriting fees and offering expenses; and
- 1,720,430 shares of common stock pursuant to our stock purchase agreement with Incyte, at a price of $4.65 per share for gross proceeds of $8.0 million, resulting in net proceeds of $7.9 million after deducting offering expenses under our 2015 Registration Statement.

Our primary uses of cash are to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

We believe that our existing cash, cash equivalents and investments as of December 31, 2017 will be sufficient for us to meet our current operating plan for at least the twelve-month period following the filing of our 2017 Form 10-K. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. In order to complete the process of obtaining regulatory approval for our product candidates and to build the sales, marketing and distribution infrastructure that we believe will be necessary to commercialize our product candidates, if approved, we will require substantial additional funding.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the timing and costs of our planned clinical trials for our product candidates;
- the timing and costs of our planned preclinical studies of our product candidates;
- our success in establishing and scaling commercial manufacturing capabilities;
- the number and characteristics of product candidates that we pursue;
- the outcome, timing and costs of seeking regulatory approvals;
- subject to receipt of regulatory approval, revenue received from commercial sales of our product candidates;
- the terms and timing of any future collaborations, licensing, consulting or other arrangements that we may establish;

- the amount and timing of any payments we may be required to make in connection with the licensing, filing, prosecution, maintenance, defense and enforcement of any patents or patent applications or other intellectual property rights; and
- the extent to which we in-license or acquire other products and technologies.

We plan to continue to fund our operations and capital funding needs through reimbursement of expenses under our collaboration agreement with Incyte and our other collaboration agreement, and through equity and/or debt financing. We may also

consider further collaborations or selectively partnering for clinical development and commercialization. The sale of additional equity would result in additional dilution to our stockholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. If we are not able to secure adequate additional funding we may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, and/or suspend or curtail planned programs. Any of these actions could harm our business, results of operations and future prospects.

The following table summarizes our cash flows for the periods indicated:

	Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Cash provided by (used in) operating activities	$13,751	$(31,025)	$(29,933)
Cash provided by (used in) investing activities	$(98,825)	$23,705	$(66,776)
Cash provided by financing activities	$122,948	$11,816	$845

Cash Flows from Operating Activities

Cash provided by operating activities for the year ended December 31, 2017 was $13.8 million. Our net loss of $27.8 million was offset in part by non-cash charges of $5.5 million of stock-based compensation and $0.8 million for depreciation and amortization. The change in operating assets and liabilities was primarily related to a $31.0 million increase in deferred revenue due to our Incyte Collaboration Agreement and a $5.3 million increase primarily due to the timing of payments for our clinical trial and manufacturing activities, partially offset by a $1.1 million increase in the receivables related to our collaboration agreements, primarily the Incyte Collaboration Agreement.

Cash used in operating activities for the year ended December 31, 2016 was $31.0 million, consisting of a net loss of $38.0 million, which was offset by non-cash charges $0.9 million for depreciation and amortization expense and $4.3 million for stock-based compensation. The change in our net operating assets and liabilities of $1.8 million was primarily due to the timing of payments for our clinical trial and manufacturing activities.

Cash used in operating activities for the year ended December 31, 2015 was $29.9 million, consisting of a net loss of $32.6 million, which was offset by non-cash charges $0.9 million for depreciation and amortization expense and $3.3 million for stock-based compensation. The change in our net operating assets and liabilities of $1.4 million was primarily due to the timing of payments for our clinical trial and manufacturing activities.

Cash Flows from Investing Activities

Cash used in investing activities was $98.8 million for the year ended December 31, 2017 and was related to the purchases of investments of $194.7 million and an increase in restricted cash of $0.4 million, partially offset by the maturity of investments of $97.4 million and purchase of property and equipment, primarily for leasehold improvements of our office and laboratory space, of $1.2 million.

Cash provided by investing activities for the year ended December 31, 2016 was $23.7 million and was related to the maturity of investments of $68.7 million, offset by the purchase of investments of $44.6 million and purchase of property and equipment of $0.4 million.

Cash used in investing activities for the year ended December 31, 2015 was $66.8 million and was related to the purchase of investments of $109.1 million and purchase of property and equipment of $0.4 million, offset by the maturity of investments of $42.8 million.

Cash Flows from Financing Activities

Cash provided by financing activities was $122.9 million for the year ended December 31, 2017 and was related to $75.4 million in net proceeds from the sale and issuance of common stock related to our public offering, $7.9 million in net proceeds from the issuance of common stock under our stock purchase agreement with Incyte, $38.3 million in net proceeds from the issuance of common stock through our at-the-market offering programs, and issuance of common stock upon the exercise of stock options and employee stock plan purchases of $1.3 million.

Cash provided by financing activities for the year ended December 31, 2016 was $11.8 million and was from the issuance of common stock through an at-the-market offering program of $11.3 million and from the issuance of common stock upon the exercise of stock options and employee stock plan purchases of $0.5 million.

Cash provided by financing activities for the year ended December 31, 2015 was $0.8 million and was from the issuance of common stock upon the exercise of stock options and employee stock plan purchases.

Contractual Obligations and Other Commitments

The following table summarizes our contractual obligations as of December 31, 2017:

	Payments Due By Period				
Contractual Obligations:	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	Total
	(In thousands)				
Operating lease obligations [1]	$2,056	$4,602	$4,898	$2,779	$14,335
Less: sublease income [2]	(1,083)	(1,302)	—	—	(2,385)
Total contractual obligations [3]	$973	$3,300	$4,898	$2,779	$11,950

1. Represents future minimum lease payments under the non-cancelable lease for our headquarters in South San Francisco, California. The minimum lease payments above do not include any related common area maintenance charges or real estate taxes.
2. In February 2017, we entered into a non-cancelable sublease agreement for a portion of our facilities, from March 2017 through February 2020.
3. We enter into agreements in the normal course of business with organizations for collaborations or in-licensing arrangements, contract research organizations for clinical trials and vendors for preclinical studies and other services and products for operating purposes which are cancelable at any time by us, generally upon 30 to 60 days prior written notice. These payments are not included in this table of contractual obligations.

Off-Balance Sheet Arrangements

During 2017, 2016, and 2015 we did not have any off-balance sheet arrangements.

JOBS Act Accounting Election

We are an “emerging growth company,” as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and, therefore, are subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Recent Accounting Pronouncements

Please refer to Note 1 to our audited consolidated financial statements appearing under Part II, Item 8 for a discussion of new accounting standards updates that may impact us.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. Our investment policy allows us to maintain a portfolio of cash equivalents and investments in a variety of high credit quality securities issued by the U.S. government, U.S. government-sponsored agencies and highly rated banks and corporations, subject to certain concentration limits. Our investment policy prohibits us from holding auction rate securities or derivative financial instruments. As of December 31, 2017, we had cash, cash equivalents and investments of $186.2 million. A portion of our investments may be subject to interest rate risk and could fall in value if market interest rates increase. However, we believe that our exposure to interest rate risk is not significant as the majority of our investments are short-term in duration and due to the low risk profile of our investments, a 1% change in interest rates would not have a material impact on the total market value of our portfolio. We have the ability to hold our short-term investments until maturity, and therefore we do not expect that our results of operations or cash flows would be adversely affected by any change in market interest rates on our investments. We actively monitor changes in interest rates. We had no outstanding debt as of December 31, 2017.

Item 8. Financial Statements and Supplementary Data.
CALITHERA BIOSCIENCES, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Calithera Biosciences, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Calithera Biosciences, Inc. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, stockholder's equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2014.

Redwood City, California

March 8, 2018

Calithera Biosciences, Inc.

Consolidated Balance Sheets

(in thousands, except per share amounts)

	December 31, 2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$48,475	$10,601
Short-term investments	115,318	41,180
Receivables from collaborations	1,142	—
Prepaid expenses and other current assets	2,732	1,780
Total current assets	167,667	53,561
Long-term investments	22,361	—
Other assets	228	290
Restricted cash	440	46
Property and equipment, net	1,759	899
Total assets	$192,455	$54,796
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$1,072	$398
Accrued liabilities	8,938	4,055
Current portion of deferred revenue	29,017	—
Total current liabilities	39,027	4,453
Deferred revenue, less current portion	2,028	—
Deferred rent	1,093	437
Total liabilities	42,148	4,890
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, $0.0001 par value, 10,000 shares authorized as of December 31, 2017 and 2016; no shares issued and outstanding as of December 31, 2017 and 2016	—	—
Common stock, $0.0001 par value, 200,000 shares authorized as of December 31, 2017 and 2016; 35,759 and 21,502 shares issued and outstanding as of December 31, 2017 and 2016, respectively	4	2
Additional paid-in capital	300,906	172,419
Accumulated deficit	(150,333)	(122,502)
Accumulated other comprehensive loss	(270)	(13)
Total stockholders' equity	150,307	49,906
Total liabilities and stock and stockholders' equity	$192,455	$54,796

See accompanying notes.

Calithera Biosciences, Inc.

Consolidated Statements of Operations

(in thousands, except per share amounts)

	Year Ended December 31,		
	2017	2016	2015
Revenue:			
Collaboration revenue	$25,955	$—	$—
Total revenue	25,955	—	—
Operating expenses:			
Research and development	43,111	27,748	23,748
General and administrative	12,530	10,586	9,071
Total operating expenses	55,641	38,334	32,819
Loss from operations	(29,686)	(38,334)	(32,819)
Interest income, net	1,860	330	175
Net loss	$(27,826)	$(38,004)	$(32,644)
Net loss per share, basic and diluted	$(0.84)	$(1.95)	$(1.81)
Weighted average common shared used to compute net loss per share, basic and diluted	32,951	19,486	18,045

See accompanying notes.

Calithera Biosciences, Inc.

Consolidated Statements of Comprehensive Loss

(in thousands)

	Year Ended December 31,		
	2017	2016	2015
Net loss	$(27,826)	$(38,004)	$(32,644)
Other comprehensive gain (loss):			
Net unrealized gain (loss) on available-for-sale securities	(257)	56	(69)
Total comprehensive loss	$(28,083)	$(37,948)	$(32,713)

See accompanying notes.

Calithera Biosciences, Inc.

Consolidated Statements of Stockholders' Equity

(in thousands, except per share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2014	17,943	$ 2	$ 152,218	$ (51,854)	$ —	$ 100,366
Exercise of stock options	219	—	365	—	—	365
Issuance of common stock per ESPP purchase	70	—	498	—	—	498
Stock-based compensation expense	—	—	3,272	—	—	3,272
Net loss	—	—	—	(32,644)	—	(32,644)
Unrealized loss on available-for-sale securities	—	—	—	—	(69)	(69)
Balance at December 31, 2015	18,232	2	156,353	(84,498)	(69)	71,788
Issuance of common stock in connection with at-the-market offering, net of underwriting commissions and issuance costs	3,059	—	11,281	—	—	11,281
Exercise of stock options	99	—	177	—	—	177
Issuance of common stock per ESPP purchase	112	—	358	—	—	358
Stock-based compensation expense	—	—	4,250	—	—	4,250
Net loss	—	—	—	(38,004)	—	(38,004)
Unrealized gain on available-for-sale securities	—	—	—	—	56	56
Balance at December 31, 2016	21,502	2	172,419	(122,502)	(13)	49,906
Issuance of common stock in connection with at-the-market offering, net of underwriting commissions and issuance costs	4,351	1	38,314	—	—	38,315
Issuance of common stock in connection with public offering, net of underwriting	7,855	1	75,385	—	—	75,386

commissions and issuance costs						
Issuance of common stock in connection with Incyte Stock Purchase Agreement, net of issuance costs	1,720	—	7,914	—	—	7,914
Exercise of stock options	153	—	787	—	—	787
Issuance of common stock per ESPP purchase	178	—	546	—	—	546
Stock-based compensation expense	—	—	5,541	—	—	5,541
Cumulative-effect adjustment from adoption of accounting standard on stock-based compensation	—	—	—	(5)	—	(5)
Net loss	—	—	—	(27,826)	—	(27,826)
Unrealized loss on available-for-sale securities	—	—	—	—	(257)	(257)
Balance at December 31, 2017	35,759	$ 4	$ 300,906	$ (150,333)	$ (270)	$ 150,307

See accompanying notes.

Calithera Biosciences, Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash Flows Provided By (Used In) Operating Activities			
Net loss	$(27,826)	$(38,004)	$(32,644)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	365	297	404
Amortization of premiums on investments	446	590	446
Stock-based compensation	5,536	4,250	3,272
Loss (gain) on disposal of property and equipment	9	—	(7)
Changes in operating assets and liabilities:			
Receivables from collaborations	(1,142)	—	—
Prepaid expenses and other current assets	(952)	787	(673)
Other assets	62	(9)	(263)
Accounts payable	674	(28)	(131)
Accrued liabilities	4,878	925	(196)
Deferred revenue	31,045	—	—
Deferred rent	656	167	(141)
Net cash provided by (used in) operating activities	13,751	(31,025)	(29,933)
Cash Flows Provided By (Used In) Investing Activities			
Purchases of investments	(194,650)	(44,618)	(109,099)
Proceeds from the maturity of investments	97,448	68,724	42,764
Purchase of property and equipment	(1,229)	(401)	(441)
Change in restricted cash	(394)	—	—
Net cash provided by (used in) investing activities	(98,825)	23,705	(66,776)
Cash Flows Provided By Financing Activities			
Proceeds from issuance of common stock upon public offering, net	75,386	—	—
Proceeds from issuance of common stock under stock purchase agreement, net	7,914	—	—
Proceeds from issuance of common stock through at-the-market offerings, net	38,315	11,281	—
Proceeds from stock option exercises and employee stock plan purchases	1,333	535	845
Net cash provided by financing activities	122,948	11,816	845
Net increase (decrease) in cash and cash equivalents	37,874	4,496	(95,864)
Cash and cash equivalents at beginning of period	10,601	6,105	101,969
Cash and cash equivalents at end of period	$48,475	$10,601	$6,105
Supplemental Disclosure of Non-Cash Investing Information:			
Unpaid amounts related to property and equipment purchases	$5	$—	$26

See accompanying notes.

Calithera Biosciences, Inc.

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Calithera Biosciences, Inc. (the "Company") was incorporated in the State of Delaware on March 9, 2010. The Company is a clinical-stage biopharmaceutical company focused on discovering and developing novel small molecule drugs directed against tumor metabolism and tumor immunology targets for the treatment of cancer. The Company's principal operations are based in South San Francisco, California, and it operates in one segment. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Calithera Biosciences UK Limited, incorporated on April 20, 2017.

Liquidity

In the course of its development activities, the Company has sustained operating losses and expects such losses to continue over the next several years. The Company's ultimate success depends on the outcome of its research and development activities. The Company has incurred net losses from operations since inception and has an accumulated deficit of $150.3 million as of December 31, 2017. The Company intends to raise additional capital through the issuance of additional equity, and potentially through strategic alliances with partner companies. However, if such financing is not available at adequate levels, the Company will need to reevaluate its operating plans. Management believes that the currently available resources will provide sufficient funds to enable the Company to meet its operating plan for at least the twelve-month period following the filing of the Company's 2017 consolidated financial statements on Form 10-K. However, if the Company's anticipated operating results are not achieved in future periods, management believes that planned expenditures may need to be reduced in order to extend the time period over which the then-available resources would be able to fund the Company's operations.

2. Summary of Significant Accounting Policies

Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates, including those related to clinical trial accrued liabilities, revenue recognition, fair value of marketable securities, income taxes, and stock-based compensation. Management bases its estimates on historical experience and on various other market specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents which consist primarily of amounts invested in money market accounts, are stated at fair value.

Investments

All investments have been classified as “available-for-sale” and are carried at estimated fair value as determined based upon quoted market prices or pricing models for similar securities. Management determines the appropriate classification of its investments at the time of purchase and reevaluates such designation as of each balance sheet date. Unrealized gains and losses are excluded from earnings and are reported as a component of comprehensive loss. Realized gains and losses and declines in fair value judged to be other than temporary, if any, on available-for-sale securities are included in interest income, net. The cost of securities sold is based on the specific-identification method. Interest on marketable securities is included in interest income, net.

Receivables from Collaborations

Receivables from collaborations represent amounts due under the terms of the Company’s collaboration agreements, primarily its collaboration agreement with Incyte Corporation (“Incyte”) as described in Note 10, Collaboration and Licensing Agreements - Incyte Collaboration and License Agreement, for reimbursements of certain costs. Based on its evaluation of credit worthiness and historical payment patterns, the Company did not record any allowance for doubtful accounts as of December 31, 2017 and 2016.

Restricted Cash

Restricted cash consists of money market funds held by the Company's financial institution as collateral for the Company's obligations under its facility lease for the Company's corporate headquarters in South San Francisco, California.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, cash equivalents, investments and restricted cash. The Company invests in a variety of financial instruments and, by its policy, limits these financial instruments to high credit quality securities issued by the U.S. government, U.S. government-sponsored agencies and highly rated banks and corporations, subject to certain concentration limits. The Company's cash, cash equivalents, investments and restricted cash are held by financial institutions in the United States that management believes are of high credit quality. Amounts on deposit may at times exceed federally insured limits.

All of the Company's collaboration revenue and the majority of the Company's receivables from collaborations are derived from its collaboration and license agreement with Incyte as described in Note 10, Collaboration and Licensing Agreements - Incyte Collaboration and License Agreement.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the respective assets. Depreciation and amortization begins at the time the asset is placed in service. Maintenance and repairs are charged to operations as incurred. Upon sale or retirement of assets, the cost and related accumulated depreciation and amortization are removed from the balance sheet and the resulting gain or loss is reflected in operations.

The useful lives of property and equipment are as follows:

Research and development	5 years
Furniture and office equipment	5 years
Computer equipment	3 years
Software	3 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. The Company has not recorded impairment of any long-lived assets during any of the periods presented.

Revenue Recognition

The Company recognizes revenue from collaboration, license or research arrangements when persuasive evidence of an arrangement exists; transfer of technology has been completed, services are performed or products have been delivered; the fee is fixed or determinable; and collection is reasonably assured. For arrangements with multiple deliverables, the Company evaluates each deliverable to determine whether it qualifies as a separate unit of accounting. This determination is based on whether the deliverable has stand-alone value to the customer. If the Company determines that the deliverables do not have stand-alone value then all such deliverables are combined into one or more units of accounting, with consideration given to whether one deliverable is considered the predominant deliverable under the arrangement.

The selling price used for each unit of accounting will be based on vendor-specific objective evidence, if available, third-party evidence if vendor-specific objective evidence is not available or estimated selling price if neither vendor-specific nor third-party evidence is available. Management may be required to exercise considerable judgment in determining whether a deliverable is a separate unit of accounting and in estimating the selling prices of identified units of accounting for new agreements. Where multiple

deliverables are combined as a single unit of accounting, revenues are recognized based on the performance requirements of the related agreement. For a combined unit of accounting, non-refundable upfront payments are recognized in a manner consistent with the final deliverable, which has generally been ratably over the estimated period of continued involvement. Management periodically reviews the basis for its estimates, and it may change the estimates if circumstances change. These changes can significantly change the timing of revenue recognized. Amounts received in advance of performance are recorded as deferred revenue. Upfront and milestone payments are classified as collaboration revenue in the Company's consolidated statements of operations.

The Company has not made a policy election to use the milestone method of accounting. Instead, the Company will account for milestone payments over the remaining period of performance for the combined unit of account. Therefore, the development and commercial milestones, if and when achieved, will be recorded as revenue over the period of performance for the combined unit of account. If there are no remaining performance obligations, milestone payments will be recognized when the event is achieved and the applicable revenue criteria are met.

Accrued Research and Development Costs

The Company records accrued liabilities for estimated costs of research and development activities conducted by third-party service providers, which include the conduct of preclinical and clinical studies, and contract manufacturing activities. The Company records the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced, and includes these costs in accrued liabilities in the balance sheets and within research and development expense in the statements of operations. These costs are a significant component of the Company's research and development expenses. The Company accrues for these costs based on factors such as estimates of the work completed and in accordance with agreements established with its third-party service providers under the service agreements. The Company makes significant judgments and estimates in determining the accrued liabilities balance in each reporting period. As actual costs become known, the Company adjusts its accrued liabilities. The Company has not experienced any material differences between accrued costs and actual costs incurred. However, the status and timing of actual services performed, number of patients enrolled, and the rate of patient enrollments may vary from the Company's estimates, resulting in adjustments to expense in future periods. Changes in these estimates that result in material changes to the Company's accruals could materially affect the Company's results of operations.

Research and Development Costs

Research and development costs are expensed as incurred and consist of salaries and benefits, stock-based compensation expense, laboratory supplies and allocated facility costs, as well as fees paid to third parties that conduct certain research and development activities on the Company's behalf. Costs associated with co-development activities performed under the Incyte Collaboration Agreement (refer to Note 10, Licensing and Collaboration Agreements - Incyte Collaboration Agreement) and other license agreements are included in research and development expenses, with any reimbursement of costs by Incyte or under other license agreements reflected as a reduction of such expenses. Nonrefundable advance payments for goods or services to be rendered in the future for use in research and development activities are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

Deferred Rent

Rent expense is recognized on a straight-line basis over the noncancelable term of the Company's operating lease and, accordingly, the Company records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability. Incentives granted under the Company's facility leases, including allowances to fund leasehold improvements, are deferred and are recognized as adjustments to rental expense on a straight-line basis over the term

of the lease.

Stock-Based Compensation

Stock-based awards issued to employees and non-employee directors of the board, including stock options and stock purchased under the employee stock purchase plan, are recorded at fair value as of the grant date using the Black-Scholes option-pricing model and recognized as expense on a straight-line basis over the employee or director's requisite service period (generally the vesting period).

Stock-based option awards issued to non-employees are recorded at fair value as of the grant date using the Black-Scholes option-pricing model and recognized as expense on a straight-line basis over the vesting period. The fair value is re-measured each reporting period over the vesting term resulting in periodic adjustments to stock-based compensation expense.

Because stock compensation expense is based on awards ultimately expected to vest, it is reduced by forfeitures. Through December 31, 2016, the Company estimated forfeitures at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differed from estimates. Upon the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-09, Improvements to Employee Share-Based Payment Accounting, effective as of January 1, 2017, the Company elected to account for forfeitures as they occur (refer also to Note 1, Organization and Basis of Presentation - Recent Accounting Pronouncements).

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company must then assess the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Since realization of the Company's deferred tax assets is dependent upon the Company generating future taxable income, the timing and amount of which are uncertain, the net deferred tax assets have been fully offset by a valuation allowance.

The Company recognizes benefits of uncertain tax positions if it is more likely than not that such positions will be sustained upon examination based solely on their technical merits, as the largest amount of benefit that is more likely than not to be realized upon the ultimate settlement. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Net Loss per Share

Basic net loss per share is calculated by dividing the net loss by the weighted average number of shares of common stock outstanding during the period without consideration of common stock equivalents. Since the Company was in a loss position for all periods presented, basic net loss per share is the same as diluted net loss per share for all periods as the inclusion of all potential common shares outstanding would have been anti-dilutive.

Recent Accounting Pronouncements

In May 2014, the FASB issued a comprehensive new standard on revenue from contracts with customers, ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The standard's core principle is that a reporting entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB voted to delay the effective date of the new standard by one year. The standard becomes effective for the Company beginning in the first quarter of 2018. Entities would have the option of using either a full retrospective or a modified retrospective approach to adopt this new guidance. In 2016, the FASB updated the guidance for reporting revenue gross versus net to improve the implementation guidance on principal versus agent considerations, and for identifying performance obligations and the accounting of intellectual property licenses. In addition, the FASB introduced practical expedients and made narrow scope improvements to the new accounting guidance.

The Company adopted the accounting standard update on January 1, 2018 using the modified retrospective approach. The Company has completed its analysis of the collaboration and license agreement with Incyte to determine the differences in the accounting treatment under ASU 2014-09 compared to the current accounting treatment. The consideration the Company is eligible to receive under this agreement includes upfront payments, research and development funding, milestone payments, and sales-based royalties. The new revenue recognition standard differs

from the current accounting standard in many respects, such as in the accounting for variable consideration and the measurement of progress toward completion of performance obligations. The Company is finalizing its assessment of the impact of adoption and anticipates recording an adjustment to accumulated deficit and deferred revenue at January 1, 2018 to reflect revenue being recognized based on a measurement of progress toward completion for the combined performance obligation, rather than on a straight-line basis.

In February 2016, the FASB issued ASU 2016-02, Leases, which is aimed at making leasing activities more transparent, and requires substantially all leases be recognized by lessees on their balance sheet as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. The ASU is effective for all interim and annual reporting periods beginning after December 15, 2018 with early adoption permitted and is required to be applied with a modified retrospective approach to each prior reporting period presented. The Company is currently assessing the impact the adoption of ASU 2016-02 will have on the consolidated financial statements. The Company plans to adopt the new standard effective January 1, 2019.

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which is intended to simplify several aspects of the accounting for share-based payment award transactions, including the income tax consequences, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The Company adopted ASU No. 2016-09 on January 1, 2017 following the modified retrospective approach. Under this guidance, on a prospective basis, companies will no longer record excess tax benefits and certain tax deficiencies in additional paid-in capital ("APIC"). Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement. In addition, the guidance eliminates the requirement that excess tax benefits be realized before companies can recognize them. The ASU requires a cumulative-effect adjustment for previously unrecognized excess tax benefits in opening retained earnings in the annual period of adoption. As of January 1, 2017, the Company had no previously unrecognized excess tax benefits. Additionally, as provided for under this new guidance, the Company elected to account for forfeitures as they occur. The impact upon adoption of this election was a $5,000 cumulative-effect adjustment, which was recorded to accumulated deficit in stockholders' equity in the consolidated balance sheet.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash Payments, to clarify how entities should present restricted cash and restricted cash equivalents in their statements of cash flows. Under this new update, entities are required to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in their statements of cash flows. This guidance will be applied retrospectively and is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within each annual reporting period. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

3. Fair Value Measurements

Fair value accounting is applied for all financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). Financial instruments include cash and cash equivalents, short-term investments, receivables from collaborations, accounts payable, accrued liabilities and the current portion of deferred revenue that approximate fair value due to their relatively short maturities.

Assets and liabilities recorded at fair value on a recurring basis in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The authoritative guidance on fair value measurements establishes a three tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3—Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Where quoted prices are available in an active market, securities are

classified as Level 1. The Company classifies money market funds as Level 1. When quoted market prices are not available for the specific security, then the Company estimates fair value by using quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs obtained from various third party data providers, including but not limited to, benchmark yields, interest rate curves, reported trades, broker/dealer quotes and market reference data. The Company classifies its corporate notes and U.S. government agency securities as Level 2. Level 2 inputs for the valuations are limited to quoted prices for similar assets or liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability. There were no transfers between Level 1 and Level 2 during the periods presented.

The following table sets forth the fair value of the Company's financial assets and liabilities, allocated into Level 1, Level 2 and Level 3, that was measured on a recurring basis (in thousands):

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Money market funds	$12,430	$—	$ —	$12,430
Corporate notes and commercial paper	—	85,492	—	85,492
U.S. treasury securities	—	34,437	—	34,437
U.S. government agency securities	—	53,691	—	53,691
Total financial assets	$12,430	$173,620	$ —	$186,050

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Money market funds	$9,354	$—	$ —	$9,354
Corporate notes and commercial paper	—	23,314	—	23,314
U.S. treasury securities	—	2,000	—	2,000
U.S. government agency securities	—	16,666	—	16,666
Total financial assets	$9,354	$41,980	$ —	$51,334

4. Balance Sheet Components

Financial Instruments

Cash equivalents and investments, all of which are classified as available-for-sale securities, and restricted cash consisted of the following (in thousands):

	December 31, 2017				December 31, 2016			
	Cost	Unrealized Gain	Unrealized (Loss)	Estimated Fair Value	Cost	Unrealized Gain	Unrealized (Loss)	Estimated Fair Value
Money market funds	$12,430	$ —	$ —	$12,430	$9,354	$ —	$ —	$9,354
Corporate notes and commercial paper	85,553	—	(61)	85,492	23,325	—	(11)	23,314
U.S. treasury securities	34,505	—	(68)	34,437	2,000	—	—	2,000
U.S. government agency securities	53,832	—	(141)	53,691	16,668	1	(3)	16,666
	$186,320	$ —	$ (270)	$186,050	$51,347	$ 1	$ (14)	$51,334
Classified as:								
Cash equivalents				$47,931				$10,108

Short-term investments	115,318	41,180
Long-term investments	22,361	—
Restricted cash	440	46
Total cash equivalents, restricted cash and investments	$186,050	$51,334

At December 31, 2017, the remaining contractual maturities of available-for-sale securities were less than two years. There have been no significant realized gains or losses on available-for-sale securities for the periods presented. As of December 31, 2017, a total of 48 individual securities were in an unrealized loss position, all for less than 12 months, and the losses were deemed to be temporary. The Company does not intend to sell its securities that are in an unrealized loss position, and it is unlikely that the Company will be required to sell its securities before recovery of their amortized cost basis, which may be maturity. The Company has also determined that the gross unrealized losses on its securities at December 31, 2017 were temporary in nature. Factors considered in determining whether a loss is temporary include the length of time and extent to which the fair value has been less than the amortized cost basis and whether the Company intends to sell the security or whether it is more likely than not that the Company would be required to sell the security before recovery of the amortized cost basis. As of December 31, 2017, the Company had a total of $186.6 million in cash,

cash equivalents, restricted cash and investments, which included $0.5 million in cash and $186.1 million in cash equivalents, restricted cash and investments.

Property and Equipment, Net

Property and equipment, net consist of the following (in thousands):

	December 31,	
	2017	2016
Research and development equipment	$2,052	$1,971
Furniture and office equipment	161	80
Computer equipment	475	331
Software	79	72
Leasehold improvements	1,232	326
Total property and equipment	3,999	2,780
Less: accumulated depreciation and amortization	(2,240)	(1,881)
Property and equipment, net	$1,759	$899

Property and equipment depreciation and amortization expense for the years ended December 31, 2017, 2016, and 2015 was $365,000, $297,000, and $404,000, respectively.

Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 31,	
	2017	2016
Accrued bonus and payroll expenses	$3,016	$2,471
Accrued professional and consulting services	367	202
Accrued clinical and manufacturing expenses	4,845	1,208
Accrued preclinical and research expenses	469	91
Other	241	83
Total accrued liabilities	$8,938	$4,055

5. Commitments and Contingencies

Facilities

In February 2013, the Company entered into a non-cancelable facility lease agreement for office and laboratory facilities in South San Francisco, California. The lease commenced on July 2013. In October 2013, the Company signed an addendum to the lease agreement for additional space and to extend the lease term through November 2017.

The amended lease provided for a tenant improvement allowance of up to $230,000, which was fully utilized in 2014 and included in deferred rent. In addition, the amended lease has rent escalation clauses through the lease term, as well as reduced rent on the additional space for the first 12 months.

In March 2016, the Company signed a second addendum to the lease agreement for an additional 24,900 of office and laboratory space and to extend the lease term through January 2024. The second addendum to the lease commenced December 2016 and has a two-year renewal option prior to expiration. In addition, the second addendum to the lease provides for an additional tenant improvement allowance of up to $269,900, which was fully utilized in December 2017 and included in deferred rent. The lease has rent escalation clauses through the lease term. The Company recognizes rent expense on a straight-line basis over the non-cancelable term of the lease.

Pursuant to the lease, as amended, in February 2017 the Company increased the amount of its existing letter of credit from $46,000 to $440,000 as a security deposit to the lease. The lessor shall be entitled to draw on the letter of credit in the event of any uncured default by the Company under the terms of the lease.

Future aggregate minimum lease payments under the non-cancelable operating leases, as amended, are as follows (in thousands):

Year ending December 31:	
2018	2,056
2019	2,260
2020	2,342
2021	2,413
Thereafter	5,264
Total	$14,335

In September 2014, the Company entered into a non-cancelable sublease agreement for a portion of its facilities, through July 2016. In February 2017, the Company entered into a non-cancelable sublease agreement for a portion of its facilities, commencing on March 2017 through February 2020. Future annual minimum sublease proceeds as of December 31, 2017 (in thousands) are as follows:

Year ending December 31:	
2018	$1,083
2019	1,115
2020	187
Total	$2,385

Expenses and income associated with the Company's operating leases were as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Rent expense	$ 3,445	$ 1,861	$ 1,365
Sublease income	(1,277)	(234)	(243)

Indemnifications

The Company indemnifies each of its officers and directors for certain events or occurrences, subject to certain limits, while the officer or director is or was serving at the Company's request in such capacity, as permitted under Delaware law and in accordance with its certificate of incorporation and bylaws. The term of the indemnification period lasts as long as an officer or a director may be subject to any proceeding arising out of acts or omissions of such officer or director in such capacity. The maximum amount of potential future indemnification is unlimited; however, the Company currently holds director and officer liability insurance. This insurance allows the transfer of risk associated with the Company's exposure and may enable it to recover a portion of any future amounts paid. The Company believes that the fair value of these indemnification obligations is minimal. Accordingly, it has not recognized any liabilities relating to these obligations for any period presented.

6. Stockholders' Equity

Public Offering

In March 2017, the Company entered into an underwriting agreement with Leerink Partners LLC, as representative of several underwriters named therein (collectively, the "Underwriters"), pursuant to which the Company issued and sold 7,854,500 shares of common stock, including 1,024,500 shares sold pursuant to the Underwriters' exercise in full of their option to purchase additional shares. The price to the public in the offering was $10.25 per share, and the Underwriters purchased the shares from the Company at a price of $9.635 per share. The net proceeds to the Company from this public offering were approximately $75.4 million, after deducting underwriting discounts and commissions and other offering expenses.

Incyte Stock Purchase Agreement

In January 2017, the Company entered into a stock purchase agreement with Incyte, pursuant to which the Company issued and sold 1,720,430 shares of common stock, at a price of $4.65 per share to Incyte, resulting in net proceeds of approximately $7.9 million, after deducting offering expenses.

At-the-Market Offerings

In November 2015, the Company entered into a sales agreement with Cowen and Company LLC ("Cowen"), as sales agent and underwriter, pursuant to which the Company could issue and sell shares of its common stock for an aggregate maximum offering price of $50.0 million under an at-the-market offering program ("2015 ATM program). The Company paid Cowen up to 3% of gross proceeds for the common stock sold through the sales agreement.

During the year ended December 31, 2017, the Company sold an aggregate of 4,188,679 shares of common stock pursuant to the 2015 ATM program, at an average price of approximately $9.06 per share for gross proceeds of $38.0 million, resulting in net proceeds of $36.9 million after deducting underwriting fees and offering expenses. As of December 31, 2017, the Company had sold all available shares under the 2015 ATM program.

In August 2017, the Company entered into a sales agreement with Cowen, as sales agent and underwriter, pursuant to which the Company could issue and sell shares of its common stock with an aggregate maximum offering price of $50.0 million under an at-the-market offering program ("2017 ATM program"). During the year ended December 31, 2017, the Company sold an aggregate of 162,435 shares of common stock pursuant to the 2017 ATM program, at an average price of approximately $10.27 per share for gross proceeds of $1.7 million, resulting in net proceeds of $1.4 million after deducting underwriting fees and offering expenses. The Company will pay Cowen up to 3% of gross proceeds for any common stock sold through the sales agreement. As of December 31, 2017, $48.3 million of common stock remained available for sale under the 2017 ATM program.

7. Equity Incentive Plans

2010 Plan

In 2010, the Company adopted the 2010 Equity Incentive Plan (the "2010 Plan"). Under the 2010 Plan, shares of the Company's common stock have been reserved for the issuance of stock options to employees, directors, and consultants under terms and provisions established by the Board of Directors. Under the terms of the 2010 Plan, options were granted at an exercise price not less than fair market value. For employees holding more than 10% of the voting rights of all classes of stock, the exercise prices for incentive and nonstatutory stock options were not less than 110% of fair market value, as determined by the Board of Directors. The terms of options granted under the 2010 Plan did not exceed ten years. The vesting schedule of option grants was typically four years.

The Company granted options under the 2010 Plan until October 2014 when it was terminated as to future awards, although it continues to govern the terms of options that remain outstanding under the 2010 Plan.

As of December 31, 2017, approximately 674,000 shares of common stock are subject to options outstanding under the 2010 Plan.

2014 Plan

In September 2014, the Company's Board of Directors and stockholders approved the 2014 Equity Incentive Plan (the "2014 Plan") which became effective in October 2014, at which time the 2010 Plan was terminated. The 2014 Plan provides for the grant of stock options, other forms of equity compensation, and performance cash awards. The number of shares of common stock reserved for issuance under the 2014 Plan will automatically increase on January 1 of each year, beginning on January 1, 2015 and ending on and including January 1, 2024, by 4% of the total number of shares of the Company's capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by the Company's Board of Directors.

As of December 31, 2017, approximately 3.2 million shares of common stock were reserved for issuance under the 2014 Plan and there were approximately 329,000 shares of common stock are available for future grant. The Company issues new shares upon the exercise of options.

The following summarizes option activity (in thousands, except price per option data):

	Options Outstanding		
	Number of Options	Weighted-Average Exercise Price per Option	Aggregate Intrinsic Value
Outstanding — December 31, 2016	3,228	$ 6.41	$ 542
Options granted	519	$ 14.59	
Options exercised	(153)	$ 5.13	
Options cancelled	(23)	$ 4.56	
Outstanding — December 31, 2017	3,571	$ 7.67	$ 10,518
Exercisable — December 31, 2017	1,793	$ 7.26	$ 5,597
Vested and expected to vest — December 31, 2017	3,571	$ 7.67	$ 10,518

The aggregate intrinsic values of options outstanding, exercisable, vested and expected to vest were calculated as the difference between the exercise price of the options and the fair value of the Company's common stock of $8.35 per share as of December 31, 2017.

The weighted-average fair value per share of employee options granted during the years ended December 31, 2017, 2016, and 2015 were $10.79, $2.85, and $11.47, respectively. The total fair value of options that vested during the years ended December 31, 2017, 2016, 2015 was $4.8 million, $4.7 million, and $1.1 million, respectively. The aggregate intrinsic value of options exercised was $1.3 million, $0.2 million and $1.2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

As of December 31, 2017, the weighted-average remaining contractual life was 7.25 years and 7.94 years for exercisable options and vested and expected to vest options, respectively.

Stock-Based Compensation Expense

Total stock-based compensation recognized related to the 2010 Plan and 2014 Plan was as follows (in thousands):

	Year Ended December, 31		
	2017	2016	2015
Research and development	$2,243	$1,570	$1,147
General and administrative	2,511	2,202	1,703
Total stock-based compensation	$4,754	$3,772	$2,850

As of December 31, 2017, the total unrecognized compensation expense related to unvested options was $9.5 million, which the Company expects to recognize over an estimated weighted average period of 2.37 years.

In each of the periods presented, the exercise price per share for each stock option was the same as the fair value of the Company's common stock on the date of grant.

In determining the fair value of the stock-based awards, the Company uses the Black-Scholes option-pricing model and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Expected Term—The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding and is determined using the simplified method (based on the midpoint between the vesting date and the end of the contractual term).

Expected Volatility—Since the Company has only been publicly traded for a short period and does not have adequate trading history for its common stock, the expected volatility was estimated based on the average volatility for comparable publicly traded biopharmaceutical companies over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on their similar size, stage in the life cycle, or area of specialty.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of option.

Expected Dividend—The Company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, the Company used an expected dividend yield of zero.

The fair value of stock option awards was estimated using a Black-Scholes option pricing model with the following assumptions:

	Year Ended December 31,		
	2017	2016	2015
Expected term	5.3 - 6.1 years	5.3 - 6.1 years	5.3 - 6.1 years
Volatility	68.9% - 95.0%	73.6% - 91.3%	74.8 - 89.7%
Risk-free interest rate	1.80% - 2.27%	1.16% - 2.18%	1.53% - 1.71%
Expected dividend rate	—%	—%	—%

ESPP

In September 2014, the Company’s Board of Directors and stockholders approved the 2014 Employee Stock Purchase Plan (the “ESPP”) which became effective in October 2014. The number of shares of common stock reserved for issuance under the ESPP will increase automatically each year, beginning on January 1, 2015 and continuing through and including January 1, 2024, by the lesser of (1) 1% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year; (2) 250,000 shares of common stock; or (3) such lesser number as determined by the Company’s Board of Directors.

The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to certain plan limitations. The ESPP provides for 24-month offering periods with four 6-month purchase periods, and at the end of each purchase period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last day of the purchase period. As of December 31, 2017, 359,999 shares of common stock have been issued to employees participating in the ESPP and 406,651 shares were available for issuance under the ESPP. The ESPP is a compensatory plan as defined by the authoritative guidance for stock compensation. As such stock-based compensation expense has been recorded for the years ended December 31, 2017, 2016 and 2015.

Total stock-based compensation expense recognized related to the ESPP was as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Research and development	$ 639	$ 312	$ 258
General and administrative	143	166	164
Total stock-based compensation	$ 782	$ 478	$ 422

The Company used the following assumptions to estimate the fair value of stock offered under the ESPP for the years ended December 31, 2017, 2016 and 2015:

	Year Ended December 31,		
	2017	2016	2015
Expected term	0.03 - 1.74 years	0.08 - 2.07 years	0.28 - 1.83 years
Volatility	72.2% - 135.6%	40.3% - 68.8%	59.9% - 78.3%
Risk-free interest rate	0.76% - 1.59%	0.30% - 1.02%	0.02% - 0.50%
Expected dividend rate	—%	—%	—%

Inducement Plan

In January 2018, the Company's Board of Directors approved the Inducement Plan, a non-stockholder approved stock plan, under which it reserved and authorized up to 1 million shares of the Company's common stock in order to award nonstatutory options

and restricted stock unit awards to persons not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to such persons entering into employment with the Company.

8. Income Taxes

No provision for income taxes was recorded for the years ended December 31, 2017, 2016, and 2015. The Company has incurred net operating losses for all the periods presented. The Company has not reflected any benefit of such net operating loss carryforwards in the accompanying consolidated financial statements.

The domestic and foreign components of loss before provision for income tax are as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Domestic	$(27,826)	$(38,004)	$(32,644)
Foreign	—	N/A	N/A
Total	$(27,826)	$(38,004)	$(32,644)

The effective tax rate of the provision for income taxes differs from the federal statutory rate as follows:

	Year Ended December, 31		
	2017	2016	2015
Federal statutory income tax rate	34.0 %	34.0 %	34.0 %
State income taxes, net of federal benefit	0.5	—	—
Federal and state tax credits, net of reserves	5.6	2.1	2.1
Stock-based compensation	(1.8)	(1.8)	(1.8)
Other permanent differences	(2.7)	(0.1)	(0.1)
Tax cuts and Jobs Act impact	(63.8)	—	—
Change in valuation allowance	28.2	(34.2)	(34.2)
	0 %	0 %	0 %

The components of the deferred tax assets and liabilities are as follows (in thousands):

	Year Ended December 31,	
	2017	2016

Deferred tax assets:		
Net operating loss carryforwards	$30,731	$39,791
Tax credits, net of reserves	4,805	2,986
Accrued liabilities	918	1,056
Stock-based compensation	1,366	1,280
Other	381	676
Gross deferred tax assets	38,201	45,789
Valuation allowance	(38,201)	(45,789)
Net deferred tax assets	$—	$—

Realization of the Company’s deferred tax assets is dependent upon the Company generating future taxable income, the timing and amount of which are uncertain. Accordingly, the deferred tax assets have been fully offset by a valuation allowance as of December 31, 2017 and 2016. The valuation allowance decreased by $7.6 million for the year ended December 31, 2017, and increased by $12.9 million for the year ended December 31, 2016. ASC Topic 740 requires that the tax benefit of deductible temporary differences of carryforwards be recorded as a deferred tax asset to the extent that management assesses that realization is "more likely than not." Future realization of the tax benefit ultimately depends on the existence of sufficient taxable income within the carryback or carryforward period available under the tax law. The Company has set up the valuation allowance against the federal and state deferred tax assets because based on all available evidence, these deferred tax assets are not more likely than not to be realizable.

As of December 31, 2017, the Company had approximately $129.3 million and $50.1 million, respectively, of federal and state operating loss carryforwards available to reduce future taxable income that will begin to expire in 2030 for federal and state tax purposes.

As of December 31, 2017, the Company also had research and development tax credit carryforwards of approximately $5.5 million and $3.2 million, respectively, for federal and state purposes available to offset future taxable income tax. If not utilized, the federal carryforwards will expire in various amounts beginning in 2030, and the state credits can be carried forward indefinitely.

Sections 382 and 383 place a limitation on the amount of taxable income which can be offset by carryforward tax attributes, such as net operating losses or tax credits, after a change in control. Generally, after a change in control, a loss corporation cannot deduct carryforward tax attributes in excess of the limitation prescribed by Section 382 and 383. Therefore, certain of the Company's carryforward tax attributes may be subject to an annual limitation regarding their utilization against taxable income in future periods. As a result of the Company's IPO in 2014, the Company triggered an "ownership change" as defined in Internal Revenue Code Section 382 and related provisions. However, the Company does not believe any of its net operating losses and research and development credits are limited by this ownership change in 2014. Subsequent ownership changes since 2014 may subject the Company to annual limitations of its net operating loss and credit carryforwards. Such annual limitation could result in the expiration of the net operating loss and credit carryforwards before utilization.

The Tax Cuts and Jobs Act (Act) was enacted on December 22, 2017 and provides for significant changes to U.S. tax law. Among other provisions, the Act reduces the U.S. corporate income tax rate to 21%, effective in 2018. As a result, the Company has remeasured its U.S. deferred tax assets and liabilities as of December 31, 2017 based on the reduction of the U.S. federal corporate tax rate from 35% to 21% and assessed the realizability of its deferred tax assets based on its current understanding of the provisions of the new law. The remeasurement results in an estimated one-time reduction in deferred tax assets of $17.8 million which is fully offset by a corresponding change to the Company’s valuation allowance.

The Act also provides for a transition to a new territorial system of taxation and generally requires companies to include certain untaxed foreign earnings of non-U.S. subsidiaries into taxable income in 2017 (“Transition Tax”). As the Company’s foreign subsidiary is dormant as of December 31, 2017, the Company estimates that it will have no Transition Tax inclusion.

Accounting Standards Codification (ASC) 740, Income Taxes, requires companies to recognize the effect of the tax law changes in the period of enactment. However, the SEC staff issued Staff Accounting Bulletin 118 which will allow companies to record provisional amounts during a measurement period that is similar to the measurement period used when accounting for business combinations. The Company considers its accounting for the impacts of the new tax law to be provisional and it will continue to assess the impact of the recently enacted tax law (and expected further guidance from federal and state tax authorities as well as further guidance for the associated income tax accounting) on its business and consolidated financial statements over the next 12 months.

Uncertain Tax Positions

As of December 31, 2017, the Company’s total unrecognized tax benefit was $3.6 million, of which none of the tax benefit, if recognized, would affect the effective income tax rate due to the valuation allowance that currently offsets deferred tax assets. A reconciliation of the Company’s unrecognized tax benefits for the years ended December 31, 2017, 2016, and 2015 is as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Balance at beginning of year	$2,326	$1,714	$1,194
Additions based on tax positions related to prior year	—	5	—
Additions based on tax positions related to current year	1,297	607	520
Balance at end of year	$3,623	$2,326	$1,714

The unrecognized tax benefits, if recognized and in absence of full valuation allowance, would increase the Company's credit carryforwards and hence deferred tax assets. The Company does not expect the unrecognized tax benefits to change significantly over the next 12 months.

Interest and penalties are zero, and the Company's policy is to account for interest and penalties in tax expense on the statement of operations and comprehensive loss. The Company files income tax returns in the U.S. federal and California tax jurisdictions. All periods since inception are subject to examination by U.S. federal and California tax jurisdictions, none of which are currently under examination.

9. Net Loss per Common Share

Since the Company was in a loss position for all periods presented, diluted net loss per share is the same as basic net loss per share for all periods as the inclusion of all potential common shares outstanding would have been anti-dilutive. Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows (in thousands):

	December 31,		
	2017	2016	2015
Options to purchase common stock	3,571	3,228	1,665
Employee stock plan purchases	59	19	11
Total	3,630	3,247	1,676

10. Licensing and Collaboration Agreements

Incyte Collaboration and License Agreement

On January 27, 2017, the Company entered into a collaboration and license agreement with Incyte (the "Incyte Collaboration Agreement"). Under the terms of the Incyte Collaboration Agreement, the Company granted Incyte an exclusive, worldwide license to develop and commercialize its small molecule arginase inhibitors for hematology and oncology indications. The parties are collaborating on and co-funding the development of the licensed products, with Incyte bearing 70% and the Company bearing 30% of global development costs. The parties will share profits and losses in the United States, with 60% to Incyte and 40% to the Company. The Company will have the right to co-detail the licensed products in the United States, and Incyte will pay the Company tiered royalties ranging from the low to mid-double digits on net sales of licensed products outside the United States. The Company may opt out of its co-funding obligation, in which case the United States profit sharing will no longer be in effect, and Incyte will pay the Company tiered royalties ranging from the low to mid-double digits on net sales of licensed products both in the United States and outside the United States, and additional royalties to reimburse the Company for previously incurred development costs.

Under the Incyte Collaboration Agreement, the Company received an upfront payment of $45.0 million in February 2017. In March 2017, the Company achieved a development milestone of $12.0 million, for which the Company received payment in May of 2017. The Company is also eligible to receive up to an additional $418.0 million in

potential development, regulatory and sales milestones. Incyte and the Company will share in any future United States net profits and losses, with the Company bearing 40% and Incyte bearing 60%, respectively, and outside the United States the Company will be eligible to receive from Incyte tiered royalties, with rates in the low to mid-teens of sales.

The Incyte Collaboration Agreement also provides that the Company may choose to opt out of its co-funding obligations at any time. In this scenario, the potential development, regulatory and commercialization milestones from Incyte will be up to an additional $738.0 million. The Company would no longer be eligible to receive future United States profits and losses but would be eligible to receive tiered royalty payments on future global sales, including United States sales. In addition, if the Company opts out, the Company will receive an incremental 3% royalty on annual net sales in the United States of such licensed product until such incremental royalty equals 120% of previous development expenditures incurred by the Company.

The upfront payment of $45.0 million will be recognized over the estimated period of performance under the Incyte Collaboration Agreement, which approximates two years, ending January 2019. The deliverables under the Incyte Collaboration Agreement consist of intellectual property licenses and the performance of certain manufacturing and manufacturing technology transfer services. The Company considered the provisions of the revenue recognition multiple-element arrangement guidance and concluded that the delivered licenses do not have stand-alone value, and the rights conveyed to Incyte do not permit Incyte to perform all efforts necessary to use the Company’s technology to bring the compound through development and, upon regulatory approval, commercialization of the compound, without the associated manufacturing and technology transfer services. Accordingly, the Company combined these deliverables and allocated the upfront consideration of $45.0 million to the combined unit of accounting. In the first quarter of 2017, the Company earned a $12.0 million developmental milestone payment from Incyte, which is being recognized as revenue over the remaining period of performance for the combined unit of accounting.

Net costs associated with co-development activities performed under the agreement are included in research and development expenses in the accompanying consolidated statements of operations, with any reimbursement of costs by Incyte reflected as a reduction of such expenses.

For year ended December 31, 2017, the Company recognized revenue from its collaboration with Incyte totaling $26.0 million related to amortization of the $45.0 million upfront fee and the $12.0 million milestone. The remaining balance of $31.0 million is included in deferred revenue at December 31, 2017. For the year ended December 31, 2017, net costs reimbursable by Incyte were $6.4 million, which was recorded as a reduction of research and development expenses in the consolidated statement of operations. As of December 31, 2017, the receivable due from Incyte was $0.9 million.

Symbioscience License Agreement

In December 2014, the Company entered into an exclusive license agreement with Mars, Inc., by and through its Mars Symbioscience division, or Symbioscience, under which the Company has been granted the exclusive, worldwide license rights to develop and commercialize Symbioscience's portfolio of arginase inhibitors for use in human healthcare (the "Symbioscience License Agreement"). Under the terms of the Symbioscience License Agreement, the Company paid Symbioscience an upfront license fee of $0.3 million, which was recorded as research and development expense in 2014. For the years ended December 31, 2017, 2016 and 2015, the Company recognized expense related to its licensing arrangement with Symbioscience of $0, $0.6 million and $0.2 million, respectively, which was recorded in research and development expense in the consolidated statements of operations.

The Company may make future payments of up to $23.6 million contingent upon attainment of various development and regulatory milestones and $95.0 million contingent upon attainment of various sales milestones. Additionally, the Company will pay royalties on sales of the licensed product, if such product sales are ever achieved. If the Company develops additional licensed products, after achieving regulatory approval of the first licensed product, the Company would owe additional regulatory milestone payments and additional royalty payments based on sales of such additional licensed products.

TransTech License Agreement

In March 2015, the Company entered into a License and Research agreement with High Point Pharmaceuticals, LLC and TransTech Pharma LLC, or collectively TransTech, under which the Company obtained an exclusive, worldwide license to develop and commercialize TransTech's hexokinase II inhibitors (the "TransTech License Agreement"). For the year ended December 31, 2015, the Company recognized expense for an initial license fee related to its licensing arrangement with TransTech of $0.6 million in research and development expense in the consolidated statement of operations. There were no expenses recorded for the years ended December 31, 2017 and 2016. The TransTech License Agreement was terminated effective March 2018.

11. Selected Quarterly Financial Data (Unaudited)

Selected quarterly results from operations for the years ended December 31, 2017 and 2016 are as follows (in thousands, except per share amounts):

	2017 Quarter End			
	March 31,	June 30,	September 30,	December 31,
Collaboration revenue	$4,192	$7,255	$ 7,254	$ 7,254
Operating expenses	9,948	12,990	13,907	18,796
Net loss	(5,587)	(5,194)	(6,071)	(10,974)
Basic and diluted net loss per common share	$(0.22)	$(0.15)	$ (0.17)	$ (0.31)

	2016 Quarter End			
	March 31,	June 30,	September 30,	December 31,
Collaboration revenue	$—	$—	$ —	$ —
Operating expenses	9,657	10,441	8,632	9,604
Net loss	(9,582)	(10,358)	(8,544)	(9,520)
Basic and diluted net loss per common share	$(0.52)	$(0.55)	$ (0.44)	$ (0.45)

Item 9.Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of December 31, 2017, management, with the participation of our Chief Executive Officer (Principal Executive Officer and Principal Financial Officer), performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer, to allow timely decisions regarding required disclosures.

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer concluded that, as of December 31, 2017, the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2017 based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting during the three months ended December 31, 2017 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to an exemption established by the JOBS Act for "emerging growth companies."

Item 9B. Other Information.

None.

77

PART III

Item 10. Directors, Executive Officers and Corporate Governance.
Information required by this item will be contained in our definitive proxy statement to be filed with the Securities and Exchange Commission on Schedule 14A in connection with our 2018 Annual Meeting of Stockholders or the Proxy Statement, which is expected to be filed not later than 120 days after the end of our year ended December 31, 2017, under the headings “Executive Officers,” “Election of Directors,” “Information Regarding the Board of Directors and Corporate Governance,” and “ Section 16(a) Beneficial Ownership Reporting Compliance,” and is incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics that applies to our officers, directors and employees, which is available on our website at www.calithera.com. The Code of Business Conduct and Ethics is intended to qualify as a “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and Item 406 of Regulation S-K. In addition, we intend to promptly disclose (1) the nature of any amendment to our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and (2) the nature of any waiver, including an implicit waiver, from a provision of our code of ethics that is granted to one of these specified officers, the name of such person who is granted the waiver and the date of the waiver on our website in the future.

Item 11. Executive Compensation.
The information required by this item regarding executive compensation is incorporated by reference to the information set forth in the sections titled “Executive Compensation” in our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.
The information required by this item regarding security ownership of certain beneficial owners and management is incorporated by reference to the information set forth in the section titled “Security Ownership of Certain Beneficial Owners and Management” in our Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.
The information required by this item regarding certain relationships and related transactions and director independence is incorporated by reference to the information set forth in the sections titled “Transactions with Related Parties” and “Election of Directors – Independence of the Board of Directors,” respectively, in our Proxy Statement.

Item 14. Principal Accounting Fees and Services.
The information required by this item regarding principal accountant fees and services is incorporated by reference to the information set forth in the section titled “Principal Accountant Fees and Services” in our Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules.
(a) The following documents are filed as part of this report:

1. Financial Statements

See Index to Consolidated Financial Statements at Item 8 herein.

2. Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

Exhibit Index

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-36644	3.1	10/07/2014
3.2	Amended and Restated Bylaws of the Registrant.	S-1	333-198355	3.4	9/19/2014
4.1	Reference is made to Exhibits 3.1 through 3.2.				
4.2	Form of common stock certificate of the Registrant.	S-1	333-198355	4.1	9/25/2014
10.1	Amended and Restated Investor Rights Agreement, among the Registrant and certain of its security holders, dated October 7, 2013, as amended.	S-1	333-198355	10.1	8/25/2014
10.2	2014 Equity Incentive Plan.	S-1	333-198355	10.4	9/25/2014
10.3	Form of Stock Option Grant Notice (2014 Equity Incentive Plan).	S-1	333-198355	10.5	9/25/2014
10.4	2014 Employee Stock Purchase Plan.	S-1	333-198355	10.6	9/25/2014
10.5	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	333-198355	10.13	9/19/2014
10.6	Lease between Are-Technology Center SSF, LLC and the Registrant, dated February 14, 2013.	S-1	333-198355	10.14	8/25/2014
10.7	Amendment to lease between Are-Technology Center SSF, LLC and the Registrant, dated October 30, 2013.	S-1	333-198355	10.15	8/25/2014
10.8†	Collaboration and License Agreement by and between the Registrant and Mars, Inc., dated December 9, 2014.	10-K	001-36644	10.16	3/27/2015
10.9†	License and Research Agreement by and between Calithera Biosciences, Inc., High Point Pharmaceuticals, LLC and TransTech Pharma LLC, dated as of March 5, 2015.	10-Q	001-36644	10.17	5/11/2015
10.10	Second Amendment to Lease Agreement by and between ARE-Technology Center SSF, LLC and Calithera Biosciences, Inc., effective March 1, 2016.	10-Q	001-36644	10.18	5/10/2016

10.11	Separation Agreement between Calithera Biosciences Inc. and William D. Waddill dated December 31, 2016.	10-K	001-36644	10.19	3/16/2017
10.12	Collaboration and License Agreement between Incyte Corporation and the Registrant, dated January 27, 2017.	10-Q	001-36644	10.1	5/09/2017
10.13	Third Amendment to Lease Agreement between Are-Technology Center SSF, LLC and the Registrant, dated February 28, 2017.	10-Q	001-36644	10.2	5/09/2017
10.14	Calithera Biosciences Inc. Severance Benefit Plan.	10-Q	001-36644	10.1	11/02/2017
23.1	Consent of Independent Registered Public Accounting Firm.				
24.1	Power of Attorney (included on signature page to this Annual Report on Form 10-K).				
31.1	Certifications of Principal Executive and Financial Officer pursuant to Rule 13a-14(a).				
32.1*	Certification of Principal Executive and Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	XBRL Instance Document.				
101.SCH**	XBRL Taxonomy Extension Schema Document.				
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.				

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.				

* The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Calithera Biosciences, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

** Attached as Exhibit 101 to this Annual Report on Form 10-K formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Stockholders' Equity; and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.

† Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Calithera Biosciences, Inc.

Date: March 8, 2018 By: /s/ Susan M. Molineaux
Susan M. Molineaux, Ph.D.
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Susan M. Molineaux and Stephanie Wong, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Susan M. Molineaux Susan M. Molineaux, Ph.D.	President, Chief Executive Officer and Director (Principal Executive Officer and Principal Financial Officer)	March 8, 2018
/s/ Stephanie Wong Stephanie Wong	Senior Vice President, Finance and Secretary (Principal Accounting Officer)	March 8, 2018
/s/ Sunil Agarwal Sunil Agarwal, M.D.	Director	March 8, 2018
/s/ Jonathan G. Drachman Jonathan G. Drachman, M.D.	Director	March 8, 2018
/s/ Jean M. George Jean M. George	Director	March 8, 2018
/s/ Suzy Jones Suzy Jones	Director	March 8, 2018

/s/ Deepa R. Pakianathan Deepa R. Pakianathan, Ph.D.	Director	March 8, 2018
/s/ Blake Wise Blake Wise	Director	March 8, 2018
/s/ H. Ward Wolff H. Ward Wolff	Director	March 8, 2018