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

FORM 10-Q

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

For the quarterly period ended September 30, 2012

OR

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

For the transition period from to

Commission file number 000-52228

SORRENTO THERAPEUTICS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**33-0344842**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

6042 Cornerstone Ct. West,
Suite B
San Diego, California 92121
(Address of Principal Executive Offices)

(858) 210-3700
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

The number of shares of the issuer’s common stock, par value $0.0001 per share, outstanding as of October 31, 2012 was 300,029,635.

SORRENTO THERAPEUTICS, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SORRENTO THERAPEUTICS, INC.

(A DEVELOPMENT STAGE COMPANY)
CONDENSED BALANCE SHEETS

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,445,441	$ 3,466,549
Grants receivable	86,076	61,238
Prepaid expenses and other	66,816	29,869
Total current assets	6,598,333	3,557,656
Property and equipment, net	1,270,503	988,445
Other	22,727	22,727
Total assets	$ 7,891,563	$ 4,568,828
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 394,528	$ 224,742
Accrued payroll and related	87,845	88,510
Accrued expenses	61,872	46,087
Total current liabilities	544,244	359,339
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 100,000,000 shares authorized and no shares issued and outstanding	—	—
Common stock, $0.0001 par value; 500,000,000 shares authorized and 299,877,135 and 262,347,135 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	29,988	26,235
Additional paid-in capital	16,512,795	10,288,245
Deficit accumulated during the development stage	(9,195,464)	(6,104,991)
Total stockholders' equity	7,347,319	4,209,489
Total liabilities and stockholders' equity	$ 7,891,563	$ 4,568,828

See accompanying notes to condensed financial statements.

SORRENTO THERAPEUTICS, INC.

(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Period from January 25, 2006 (Inception) through September 30, 2012
	2012	2011	2012	2011	
Revenues:					
Grant	$ 134,506	$ 91,756	$ 461,790	$ 201,277	$ 1,450,089
Collaboration and reimbursable research and development costs	—	—	—	200,000	223,453
Total revenues	134,506	91,756	461,790	401,277	1,673,542
Expenses:					
Research and development	950,823	636,453	2,667,347	1,861,398	7,040,269
General and administrative	427,030	158,969	890,262	1,019,001	3,855,677
Total expenses	1,377,853	795,422	3,557,609	2,880,399	10,895,946
Loss from operations	(1,243,347)	(703,666)	(3,095,819)	(2,479,122)	(9,222,404)
Interest income	2,118	1,378	5,346	4,754	26,940
Net loss	$ (1,241,229)	$ (702,288)	$ (3,090,473)	$ (2,474,368)	$ (9,195,464)
Net loss per share – basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)	
Weighted average number of shares during the period – basic and diluted	299,092,474	247,686,428	280,272,472	247,543,945	

See accompanying notes to condensed financial statements.

SORRENTO THERAPEUTICS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,		Period from January 25, 2006 (Inception) through September 30, 2012
	2012	2011	
Operating activities			
Net loss	$(3,090,473)	$(2,474,368)	$ (9,195,464)
Adjustments to reconcile net loss to net cash used for operating activities:			
Depreciation and amortization	209,038	104,022	394,425
Stock-based compensation and issuance of warrants	290,072	221,323	893,584
Changes in operating assets and liabilities:			
Grants receivable	(24,838)	213,438	(86,076)
Prepaid expenses and other	(36,947)	(11,358)	(69,393)
Accounts payable	169,786	(70,349)	369,904
Deferred revenue	—	(200,000)	—
Accrued expenses and other liabilities	15,119	12,907	229,753
Net cash used for operating activities	(2,468,243)	(2,204,385)	(7,463,267)
Investing activities			
Purchases of property and equipment	(491,096)	(810,609)	(1,664,928)
Cash acquired in connection with Merger	—	—	104,860
Net cash used for investing activities	(491,096)	(810,609)	(1,560,068)
Financing activities			
Proceeds from the exercise of stock options	4,200	7,875	17,325
Proceeds from issuance (repurchase) of common stock, net of issuance costs	5,934,031	(43)	15,451,451
Net cash provided by financing activities	5,938,231	7,832	15,468,776
Net change in cash and cash equivalents	2,978,892	(3,007,162)	6,445,441
Cash and cash equivalents at beginning of period	3,466,549	5,277,578	—
Cash and cash equivalents at end of period	$ 6,445,441	$ 2,270,416	$ 6,445,441
Supplemental disclosure:			
Cash paid during the period for:			
Income taxes	$ 800	$ 800	$ 4,800

Non-cash investing activities:

During the third quarter of 2011, the Company purchased certain equipment with an aggregate cost of $125,479, which was included in accounts payable as of September 30, 2011 and paid during the fourth quarter of 2011.

See accompanying notes to condensed financial statements.

SORRENTO THERAPEUTICS, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(Unaudited)

1. Reverse Merger Transaction and Accounting

Reverse Merger Transaction

On September 21, 2009, QuikByte Software, Inc., a Colorado corporation and shell company, or QuikByte, acquired Sorrento Therapeutics, Inc., a privately held Delaware corporation, or STI, in a reverse merger, or the Merger. Pursuant to the Merger, all of the issued and outstanding shares of STI common stock were converted, at an exchange ratio of 25.48433-for-1, into an aggregate of 169,375,807 shares of QuikByte common stock and STI became a wholly owned subsidiary of QuikByte. The holders of QuikByte's common stock as of immediately prior to the Merger held an aggregate of 55,708,320 shares of QuikByte's common stock, which consisted of: (i) 11,073,946 shares of common stock outstanding as of September 17, 2009, and (ii) 44,634,374 shares of common stock issued on September 18, 2009 in connection with a $2.0 million private placement. The accompanying financial statements share and per share information has been retroactively adjusted to reflect the exchange ratio in the Merger.

STI was originally incorporated as San Diego Antibody Company in California in 2006 and was renamed Sorrento Therapeutics, Inc. and reincorporated in Delaware in 2009, prior to the Merger. QuikByte was originally incorporated in Colorado in 1989. Following the Merger, on December 4, 2009, QuikByte reincorporated under the laws of the State of Delaware, or the Reincorporation. Immediately following the Reincorporation, on December 4, 2009, STI merged with and into QuikByte, the separate corporate existence of STI ceased and QuikByte continued as the surviving corporation, or the Roll-Up Merger. Pursuant to the certificate of merger filed in connection with the Roll-Up Merger, QuikByte's name was changed from QuikByte Software, Inc. to Sorrento Therapeutics, Inc., or the Company.

Reverse Merger Accounting

Immediately following the consummation of the Merger, the: (i) former security holders of STI common stock had an approximate 75% voting interest in QuikByte and the QuikByte stockholders retained an approximate 25% voting interest, (ii) former executive management team of STI remained as the primary continuing executive management team for the Company, and (iii) Company's ongoing operations consisted solely of the ongoing operations of STI. Based primarily on these factors, the Merger was accounted for as a reverse merger and a recapitalization in accordance with generally accepted accounting principles in the U.S., or GAAP. As a result, these financial statements reflect the: (i) historical results of STI prior to the Merger, (ii) combined results of the Company following the Merger, and (iii) acquired assets and liabilities at their historical cost, which approximates their fair value at the Merger date. In connection with the Merger, the Company received cash of $104,860, other current assets of $20,150 and assumed accounts payable of $24,624.

2. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

The Company is a biopharmaceutical company focused on the discovery, development and commercialization of novel and proprietary biotherapeutics for the treatment of a variety of disease conditions, including cancer, inflammation, metabolic and infectious diseases. The Company's objective is to either independently or through one or more partnerships with pharmaceutical or biopharmaceutical organizations identify drug development candidates derived from the libraries.

As of September 30, 2012, the Company had devoted substantially all of its efforts to product development, raising capital and building infrastructure, and had not realized revenues from its planned principal operations. Accordingly, the Company is considered to be in the development stage.

The accompanying interim condensed financial statements have been prepared by the Company, without audit, in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a fair statement of its financial position, results of operations and cash flows in accordance with GAAP. The balance sheet at December 31, 2011 is derived from the audited balance sheet at that date which is not presented herein.

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, which are only normal and recurring, necessary for a fair statement of financial position, results of operations and cash flows. These condensed financial statements should be read in conjunction with the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Operating results for interim periods are not necessarily indicative of operating results for the Company's 2012 fiscal year.

Liquidity

The accompanying financial statements have been prepared on the going concern basis, which assumes that the Company will continue to operate as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As reflected in the accompanying condensed financial statements, the Company has incurred operating losses since its inception in 2006, and as of September 30, 2012, had an accumulated deficit of $9,195,464. At September 30, 2012, the Company had working capital of $6,054,089. Management believes the Company has the ability to meet all obligations due over the course of the next twelve months.

Use of Estimates

The preparation of 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 at the date of the financial statements and the reported amounts of expenses during the reporting period. Management believes that these estimates are reasonable; however, actual results may differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Company has not experienced any losses on such accounts.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, grants receivable, prepaid expenses and other assets, accounts payable and accrued expenses. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. As of September 30, 2012 and December 31, 2011, the carrying amount of cash and cash equivalents, grants receivable, prepaid expenses and other assets, accounts payable and accrued liabilities are generally considered to be representative of their respective fair values because of the short-term nature of those instruments.

Grants Receivable

Grants receivable at September 30, 2012 and December 31, 2011 represent amounts due under three federal contracts with the National Institute of Allergy and Infectious Diseases, or NIAID, a division of the National Institutes of Health, or NIH, collectively, the NIH Grants. The Company considers the grants receivable to be fully collectible; accordingly, no allowance for doubtful amounts has been established. If amounts become uncollectible, they are charged to operations.

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. Such lives vary from three to five years. Leasehold improvements are amortized over the lesser of the life of the lease or the life of the asset.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets with definite lives, such as property and equipment, for impairment. The Company records impairment losses on long-lived assets used for operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying value of the assets. There have not been any impairment losses of long-lived assets through September 30, 2012.

Income Taxes

The provisions of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, 740-10, Uncertainty in Income Taxes, address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740-10, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The Company has determined that it has no uncertain tax positions.

The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates.

The Company has deferred tax assets, which are subject to periodic recoverability assessments. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount that more likely than not will be realized. The Company evaluates the recoverability of the deferred tax assets annually.

Revenue Recognition

The Company's revenues are generated from the NIH and U.S. Treasury grant awards and a feasibility study agreement, or the Collaboration Agreement, that the Company entered into with a third party in July 2010. The revenue from the NIH and U.S. Treasury grant awards are based upon subcontractor and internal costs incurred that are specifically covered by the grant, and where applicable, a facilities and administrative rate that provides funding for overhead expenses. These revenues are recognized when expenses have been incurred by subcontractors or when the Company incurs internal expenses that are related to the grant.

The revenue from the Collaboration Agreement is derived from the completion of certain development services and the reimbursement of certain development costs incurred to provide such development services. Revenue from upfront, nonrefundable service fees are recognized when earned, as evidenced by written acknowledgement from the collaborator, or other persuasive evidence that all service deliverables have been achieved, provided that the service deliverables are substantive and their achievability was not reasonably assured at the inception of the Collaboration Agreement. Any amounts received prior to satisfying the Company's revenue recognition criteria are recorded as deferred revenue.

Research and Development Costs

All research and development costs are charged to expense as incurred. Such costs primarily consist of lab supplies, contract services, stock-based compensation expense, salaries and related benefits.

Stock-based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718, which establishes accounting for equity instruments exchanged for employee services. Under such provisions, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense, under the straight-line method, over the employee's requisite service period (generally the vesting period of the equity grant).

The Company accounts for equity instruments, including restricted stock or stock options, issued to non-employees in accordance with authoritative guidance for equity-based payments to non-employees. Stock options issued to non-employees are accounted for at their estimated fair value determined using the Black-Scholes option-pricing model. The fair value of options granted to non-employees is re-measured as they vest, and the resulting increase in value, if any, is recognized as expense during the period the related services are rendered. Restricted stock issued to non-employees is accounted for at estimated fair value as they vest.

Net Loss per Share

Net loss per share is presented as both basic and diluted net loss per share. Basic net loss per share excludes any dilutive effects of options, shares subject to repurchase and warrants. Diluted net loss per share includes the impact of potentially dilutive securities. No dilutive effect was calculated for the three or nine months ended September 30, 2012 and 2011 as the Company reported a net loss for each respective period and the effect would have been anti-dilutive. The Company had outstanding common share equivalents of 11,516,698 and 5,247,674 at September 30, 2012 and 2011, respectively.

3. Significant Agreements and Contracts

License Agreement with OPKO Health, Inc.

In June 2009, the Company entered into a limited license agreement, or the OPKO License, with OPKO Health, Inc., or OPKO, pursuant to which the Company granted OPKO an exclusive, royalty-free, worldwide license under all U.S. and foreign patents and patent applications owned or controlled by the Company or any of its affiliates, or the STI Patents, to: (i) develop, manufacture, use, market, sell, offer to sell, import and export certain products related to the development, manufacture, marketing and sale of drugs for ophthalmological indications, or the OPKO Field, and (ii) use and screen any population of distinct molecules covered by any claim of the STI Patents or which is derived by use of any process or method covered by any claim of the STI Patents to identify, select and commercialize certain products within the OPKO Field. Subject to certain limitations, OPKO will have the right to sublicense the foregoing rights granted under the OPKO License. Additionally, pursuant to the OPKO License, OPKO has granted the Company an exclusive, royalty-free, worldwide license to any patent or patent application owned or controlled by OPKO or any of its affiliates to

develop, use, make, market, sell and distribute certain products in any field of use, other than the OPKO Field, or the OPKO Patents. The Company has retained all rights to the STI Patents outside of the OPKO Field and has agreed not to practice the OPKO Patents or the STI Patents outside the STI current field of use. Unless otherwise terminated in accordance with its terms, the OPKO License will expire upon the expiration of the last to expire patent within the STI Patents and OPKO Patents on a country-by-country basis.

License Agreement with The Scripps Research Institute

In January 2010, the Company entered into a license agreement, or the TSRI License, with The Scripps Research Institute, or TSRI. Under the TSRI License, TSRI granted the Company an exclusive, worldwide license to certain TSRI patent rights and materials based on quorum sensing for the prevention and treatment of various bacterial infections such as Clostridium difficile, or C. diff, and Staphylococcus aureus, or Staph, including Methicillin-resistant Staph. In consideration for the license, the Company: (i) issued TSRI a warrant for the purchase of common stock, (ii) agreed to pay TSRI a certain annual royalty commencing in the first year after certain patent filing milestones are achieved, and (iii) agreed to pay a royalty on any sales of licensed products by the Company or its affiliates and a royalty for any revenues generated by the Company through its sublicense of patent rights and materials licensed from TSRI under the TSRI License. The TSRI License requires the Company to indemnify TSRI for certain breaches of the agreement and other matters customary for license agreements. The parties may terminate the TSRI License at any time by mutual agreement. In addition, the Company may terminate the TSRI License by giving 60 days notice to TSRI and TSRI may terminate the TSRI License immediately in the event of certain breaches of the agreement by the Company or upon the Company's failure to undertake certain activities in furtherance of commercial development goals. Unless terminated earlier by either or both parties, the term of the TSRI License will continue until the final expiration of all claims covered by the patent rights licensed under the agreement. For the three months ended September 30, 2012 and 2011 and for the period from inception (January 25, 2006), or Inception, through September 30, 2012, the Company recorded $5,293, $773 and $113,371 in patent prosecution and maintenance costs associated with the TSRI License, respectively. For the nine months ended September 30, 2012 and 2011, the Company recorded $27,861 and $1,836 in patent prosecution and maintenance costs associated with the TSRI License, respectively. All such costs have been included in general and administrative expenses.

The fair value of the warrants to purchase Company common stock issued in connection with the TSRI License of $17,989 was determined using the Black-Scholes valuation model with the following weighted-average assumptions: risk-free interest rate of 2.48%, no dividend yield, expected term of 10 years, and volatility of 102%. Such fair value has been included in general and administrative expenses for the period from Inception through September 30, 2012.

NIH Grants

In May 2010, the NIAID awarded the Company an Advanced Technology Small Business Technology Transfer Research grant to support the Company's program to generate and develop novel antibody therapeutics and vaccines to combat Staph infections, including Methicillin-resistant Staph, or the Staph Grant award. The project period for the Staph Grant award covered a two-year period which commenced in June 2010 and ended in May 2012. As of June 30, 2012, the entire Phase 1 grant of $600,000 had been awarded and recognized as revenue. The Company records revenue associated with the grant as the related costs and expenses are incurred. During the three months ended September 30, 2012 and 2011 and for the period from Inception through September 30, 2012, the Company recorded $0, $47,063 and $600,000 of revenue associated with the Staph Grant award, respectively. During the nine months ended September 30, 2012 and 2011, the Company recorded $119,379 and $156,584 of revenue associated with the NIH Grant, respectively.

In July 2011, the NIAID awarded the Company a second Advanced Technology Small Business Technology Transfer Research grant to support the Company's program to generate and develop antibody therapeutics and vaccines to combat C. diff infections, or the C. diff Grant award. The project period for the C. diff Grant award covers a two-year period which commenced in June 2011, and as of September 30, 2012, the entire Phase 1 grant of $600,000 had been awarded. During the three months ended September 30, 2012 and 2011 and for the period from Inception through September 30, 2012, the Company recorded $94,707, $44,693 and $379,009 of revenue associated with the C. diff Grant award, respectively. During the nine months ended September 30, 2012 and 2011, the Company recorded $265,811 and $44,693 of revenue associated with the C. diff Grant award, respectively.

In June 2012, the NIAID awarded the Company a third Advanced Technology Small Business Technology Transfer Research grant, with an initial award of $300,000, to support the Company's program to generate and develop novel human antibody therapeutics to combat Staph infections, including Methicillin-resistant Staph. The project period for the phase I grant covers a two-year period which commenced in June 2012, with a potential annual award of $300,000 per year. The Company records revenue associated with the grant as the related costs and expenses are incurred. During the three and nine months ended September 30, 2012 and for the period from Inception through September 30, 2012, the Company recorded $39,799, $76,600 and $76,600 of revenue associated with such grant, respectively.

Collaboration Agreement

In July 2010, the Company entered into the Collaboration Agreement with a third party. Under the terms of the Collaboration Agreement, the Company provided certain antibody screening services for an upfront cash fee of $200,000 and was reimbursed for certain costs and expenses associated with providing the services, or the Development Costs. The upfront fee and reimbursable Development Costs were accounted for as separate units of accounting. The Company recorded the gross amount of the reimbursable Development Costs as revenue and the costs associated with these reimbursements are reflected as a component of research and development expense.

Any amounts received by the Company pursuant to the Collaboration Agreement prior to satisfying the Company's revenue recognition criteria are recorded as deferred revenue. For the three and nine months ended September 30, 2011 and for the period from Inception through September 30, 2012, the Company recognized revenue of $0, $200,000 and $223,453, respectively. For the three and nine months ended September 30, 2012, the Company recognized revenue of $0.

U.S. Treasury Grants

During 2010, the U.S. Treasury awarded the Company grants totaling $394,480 for investments in qualifying therapeutic discovery projects under section 48D of the Internal Revenue Code. The proceeds from this grant covered the reimbursement of qualified expenses incurred in 2009 and 2010, and are recognized as grant revenues in the period from Inception through September 30, 2012.

4. Stockholders' Equity

Common Stock

In December 2011, the Company entered into a Stock Purchase Agreement, or the Stock Purchase Agreement, and issued 12,500,000 shares of common stock in a private placement transaction at $0.16 per share, for aggregate gross proceeds of $2.0 million. In May 2012, the Company entered into an Amended and Restated Stock Purchase Agreement, and issued 37,500,000 shares of common stock in a private placement transaction at $0.16 per share, for aggregate gross proceeds of $6.0 million. 6,250,000 of the shares were purchased by an investor, Hongye SD Group, LLC, of which Dr. Henry Ji, our Chief Executive Officer and President, is a managing director.

Stock Incentive Plans

2009 Equity Incentive Plan

In February 2009, prior to the Merger, the Company's Board of Directors approved the 2009 Equity Incentive Plan, or the EIP, under which 10,000,000 shares of common stock were reserved for issuance to employees, non-employee directors and consultants of the Company. The EIP provided for the grant of incentive stock options, non-incentive stock options, restricted stock awards and stock bonus awards to eligible recipients.

At September 30, 2012, 671,698 shares were unvested and subject to repurchase by the Company. The Company has the right of first refusal to purchase any proposed disposition of shares issued under the EIP. As a result of the Merger, no further shares are available for grant under the EIP.

2009 Non-Employee Director Grants

In September 2009, prior to the adoption of the 2009 Stock Incentive Plan, the Company's Board of Directors approved the reservation and issuance of 200,000 nonstatutory stock options to the Company's non-employee directors. As of December 31, 2010, no further shares may be granted under this plan and, as of September 30, 2012, 120,000 options were outstanding.

2009 Stock Incentive Plan

In October 2009, the Company's stockholders approved the 2009 Stock Incentive Plan, or the Stock Plan, which became effective in December 2009 and under which 14,400,000 shares of the Company's common stock are reserved for issuance to employees, non-employee directors and consultants of the Company. In addition, the number of shares reserved for issuance under the Stock Plan will be automatically increased annually on the first day of each fiscal year by the lesser of: (i) 1% of the aggregate number of shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year, (ii) 1,200,000 shares, or (iii) an amount approved by the administrator of the Stock Plan. The Stock Plan provides for the grant of incentive stock options, non-incentive stock options, stock appreciation rights, restricted stock awards, unrestricted stock awards, restricted stock unit awards and performance awards to eligible recipients. Recipients of stock options shall be eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The

maximum term of options granted under the Stock Plan is ten years. Employee option grants will generally vest 25% on each anniversary of the original vesting date over four years. The vesting schedules for grants to non-employee directors and consultants will be determined by the Company's Compensation Committee. Stock options are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock plan agreement. Unvested shares of the Company's common stock issued in connection with an early exercise however, may be repurchased by the Company upon termination of the optionee's service with the Company.

During the nine months ended September 30, 2012 and 2011, the Company's Board of Directors awarded 8,130,000 and 1,780,000 options, respectively, to certain employees, non-employee directors and consultants and 3,695,000 and 10,165,000 shares were available for grant under the Stock Plan, respectively.

The Company uses the Black-Scholes valuation model to calculate the fair value of stock options. Stock based compensation expense is recognized over the vesting period using the straight-line method. The fair value of employee stock options was estimated at the grant date using the following assumptions:

	Nine months ended September 30,	
	2012	2011
Dividend yield	0	0
Volatility	102%	102%
Risk-free interest rate	0.71% - 1.11%	2.17% - 2.61%
Expected life of options	5.6 years	5.7 years

The weighted average grant date fair value per share of employee stock options granted during the nine months ended September 30, 2012 and 2011 was $0.13 and $0.11, respectively.

The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. Due to the Company's limited historical data, the estimated volatility incorporates the historical and implied volatility of comparable companies whose share prices are publicly available. The risk-free interest rate assumption was based on the U.S. Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. The weighted average expected life of options was estimated using the average of the contractual term and the weighted average vesting term of the options.

The total employee stock-based compensation recorded as operating expenses was $20,685, $9,045 and $169,208 for the three months ended September 30, 2012 and 2011 and for the period from Inception through September 30, 2012, respectively. The total employee stock-based compensation recorded as operating expenses was $75,350 and $32,846 for the nine months ended September 30, 2012 and 2011, respectively.

As of September 30, 2012, unrecognized compensation cost related to the employee options was $803,596, which will be recognized over 3.6 years.

The Company records equity instruments issued to non-employees as expense at their fair value over the related service period as determined in accordance with the applicable authoritative guidance and periodically revalues the equity instruments as they vest. Stock-based compensation expense related to non-employee consultants recorded as operating expenses was $66,130, $60,885 and $724,376 for the three months ended September 30, 2012 and 2011 and for the period from Inception through September 30, 2012, respectively. Stock-based compensation expense related to non-employee consultants recorded as operating expenses was $214,722 and $188,477 for the nine months ended September 30, 2012 and 2011, respectively.

5. Income Taxes

The Company maintains deferred tax assets that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These deferred tax assets include net operating loss carryforwards, research credits and capitalized research and development. The net deferred tax asset has been fully offset by a valuation allowance because of the Company's history of losses. Utilization of operating losses and credits may be subject to substantial annual limitation due to ownership change provisions of the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

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

This Quarterly Report on Form 10-Q contains "forward-looking statements" about our expectations, beliefs or intentions regarding our potential product offerings, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made and are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," or "will," and similar expressions or variations. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described under the caption "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the Securities and Exchange Commission, or the SEC. Furthermore, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Overview

We are a development stage biopharmaceutical company focused on the discovery, development and commercialization of novel and/or proprietary biotherapeutics for the treatment of a variety of disease conditions, including cancer, inflammation, metabolic and infectious diseases. In 2011, we identified and further developed a number of potential drug product candidates across various therapeutic areas, and intend to select several lead product candidates to progress into preclinical development activities in 2012 and 2013. It is too early to assess which of these candidates, if any, will merit further evaluation in clinical trials. Our libraries were designed to facilitate the rapid identification and isolation of highly specific, antibody therapeutic product candidates that are fully human and that bind to disease targets appropriate for antibody therapy. In 2011, we built our initial antibody expression and production capabilities to enable us to make sufficient product material to conduct preclinical safety and efficacy testing in animal models.

Our therapeutic objective is to develop two classes of antibody drug products: (i) First in Class, or FIC, and/or (ii) biobetters. Although we intend to retain ownership and control of some product candidates by advancing them further into preclinical development, we will also consider partnerships with pharmaceutical or biopharmaceutical organizations, with the appropriate experience and expertise, in order to balance the risks associated with drug discovery and development and maximize our stockholders' returns. Our partnering objectives include generating revenue through license fees, milestone related development fees and royalties by licensing rights to our development candidates.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our financial statements which are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, related disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We continually evaluate our estimates and judgments, the most critical of which are those related to income taxes and stock-based compensation. We base our estimates and judgments on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known.

During the three and nine months ended September 30, 2012, there were no significant changes to the items that we disclosed as our critical accounting policies and estimates in Note 2 to our financial statements for the year ended December 31, 2011 contained in our 2011 Form 10-K, as filed with the SEC.

Results of Operations

The following describes certain line items set forth in our condensed statements of operations.

Three Months Ended September 30, 2012 Compared to the Three Months Ended September 30, 2011

Revenues. Revenues were $134,506 for the three months ended September 30, 2012, as compared to $91,756 for the three months ended September 30, 2011. The increase is due to increased activities under two active NIH Grants in the three months ended September 30, 2012 as compared to the related grant activities under two active NIH Grants for the three months ended September 30, 2011.

In May 2010, we were awarded an Advanced Technology Small Business Technology Transfer Research grant to support our program to generate and develop novel antibody therapeutics and vaccines to combat Staph infections, including Methicillin- resistant Staph, or the Staph Grant award. The project period for this grant covered a two-year period, and as of June 30, 2012, the entire Phase 1 grant of $600,000 had been awarded and recognized as revenue.

In July 2011, we were awarded a second Advanced Technology Small Business Technology Transfer Research grant to support our program to generate and develop antibody therapeutics and vaccines to combat C. diff infections, or the C. diff Grant award. The project period for the C. diff Grant award covers a two-year period which commenced in June 2011, and as of September 30, 2012, the entire Phase 1 grant of $600,000 had been awarded. From July 2011 through September 30, 2012, $379,009 of the C. diff Grant award had been recorded in grant revenue.

In June 2012, we were awarded a third Advanced Technology Small Business Technology Transfer Research grant, with an initial award of $300,000, to support our program to generate and develop novel human antibody therapeutics to combat Staph infections, including Methicillin-resistant Staph, or the Staph Grant II award. The project period for the phase I grant covers a two-year period which commenced in June 2012, with a potential annual award of $300,000 per year. From June 30, 2012 through September 30, 2012, $76,600 of the award had been recorded in grant revenue.

We had no other revenue during the three months ended September 30, 2012 as we have not yet developed any product candidates for commercialization or earned any licensing or royalty payments. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of grant awards and when the related costs and expenses are incurred, and timing of any other payments received under our strategic collaborations.

Research and Development Expenses. Research and development expenses for the three months ended September 30, 2012 and 2011 were $950,823 and $636,453, respectively. Research and development expenses include all costs incurred in the development of our libraries, the costs to identify, isolate and advance human antibody drug candidates derived from our libraries, and the expenses associated with fulfilling our development obligations related to the Staph, Staph II and C. diff Grant awards, collectively the NIH Grants. Such expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, laboratory supplies, consulting costs, preclinical testing costs, depreciation and other expenses. The increase of $314,370 is attributable to salaries, stock-based compensation expense, consulting costs, lab supply costs, preclinical testing costs and depreciation expenses incurred in connection with expanded research and development activities, including under the NIH Grants. We expect research and development expenses to increase in absolute dollars as we incur incremental expenses associated with our continued efforts to progress into preclinical development activities in the latter part of 2012 and 2013.

General and Administrative Expenses. General and administrative expenses for the three months ended September 30, 2012 and 2011 were $427,030 and $158,969, respectively. General and administrative expenses consist primarily of salaries and personnel related expenses for executive, finance and administrative personnel, stock-based compensation expense, professional fees, infrastructure expenses, legal and accounting expenses and other general corporate expenses. The increase of $268,061 is primarily attributable to increased legal costs related to the 2012 annual shareholder meeting and general corporate matters. We expect general and administrative expenses to decrease as a portion of such legal costs are non-recurring. Any such decrease will be partially offset by the hiring of our Chief Financial Officer on a full time basis commencing in September 2012.

Interest Income. Interest income for the three months ended September 30, 2012 and 2011 was $2,118 and $1,378, respectively.

Net Loss. Net loss for the three months ended September 30, 2012 and 2011 was $1,241,229 and $702,288, respectively. The increase in net loss is mainly attributable to the higher research and development and general and administrative expenses which were partially offset by higher revenues.

Nine Months Ended September 30, 2012 Compared to the Nine Months Ended September 30, 2011

Revenues. Revenues were $461,790 for the nine months ended September 30, 2012, as compared to $401,277 for the nine months ended September 30, 2011. The net increase is due to the following substantially offsetting factors: (i) increased activities under three active NIH Grants in the nine months ended September 30, 2012 as compared to only two active grants for the nine months ended September 30, 2011, and (ii) non-recurring collaboration revenue of $200,000 earned under the Collaboration Agreement in 2011.

We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of grant awards and when the related costs and expenses are incurred, and timing of any other payments received under our strategic collaborations.

Research and Development Expenses. Research and development expenses for the nine months ended September 30, 2012 and 2011 were $2,667,347 and $1,861,398, respectively. Research and development expenses include all costs incurred in the

development of our libraries, the costs to identify, isolate and advance human antibody drug candidates derived from our libraries, and the expenses associated with fulfilling our development obligations related to the NIH Grants. Such expenses consist primarily of salaries and personnel related expenses, stock-based compensation expense, laboratory supplies, consulting costs, preclinical testing costs, depreciation and other expenses. The increase of $805,949 is attributable to salaries, stock-based compensation expense, consulting costs, lab supply costs, preclinical testing costs and depreciation expenses incurred in connection with expanded research and development activities, including under the NIH Grants. We expect research and development expenses to increase in absolute dollars as we incur incremental expenses associated with our continued efforts to progress into preclinical development activities in the latter part of 2012 and 2013.

General and Administrative Expenses. General and administrative expenses for the nine months ended September 30, 2012 and 2011 were $890,262 and $1,019,001, respectively. General and administrative expenses consist primarily of salaries and personnel related expenses for executive, finance and administrative personnel, stock-based compensation expense, professional fees, infrastructure expenses, legal and accounting expenses and other general corporate expenses. The decrease of $128,739 is primarily attributable to decreased salaries related to the departure of our former Chief Executive Officer, which was partially offset by higher legal costs related to the annual shareholder meeting and general corporate matters. We expect general and administrative expenses to increase in absolute dollars as we incur incremental expenses associated with ongoing operations and compliance with our public reporting obligations.

Interest Income. Interest income for the nine months ended September 30, 2012 and 2011 was $5,346 and $4,754, respectively.

Net Loss. Net loss for the nine months ended September 30, 2012 and 2011 was $3,090,473 and $2,474,368, respectively. The increase in net loss is mainly attributable to the expanded research and development activities which were partially offset by the lower revenues and general and administrative expenses.

Liquidity and Capital Resources

As of September 30, 2012, we had $6,445,441 in cash and cash equivalents, attributable primarily to the closing of the private placement of our common stock for aggregate gross proceeds of $6,000,000 in May 2012.

Cash Flows from Operating Activities. Net cash used for operating activities was $2,468,243 for the nine months ended September 30, 2012 and is primarily attributable to our net loss of $3,090,473, a net increase of $123,120 in working capital balances, partially offset by $499,110 in non-cash activities relating to stock-based compensation and depreciation expense. Net cash used for operating activities was $2,204,385 for the nine months ended September 30, 2011, and primarily reflects a net loss of $2,474,368, partially offset by a net decrease of $55,362 in working capital balances and a decrease of $325,345 in non-cash activities relating to stock-based compensation and depreciation expense.

We expect to continue to incur substantial and increasing losses and have negative net cash flows from operating activities as we seek to expand and support our technology portfolio and research and development activities.

Cash Flows from Investing Activities. Net cash used for investing activities was $491,096 for the nine months ended September 30, 2012 as compared to $810,609 for the nine months ended September 30, 2011. The net cash used related primarily to equipment acquired for research and development activities.

We expect to increase our investment in laboratory equipment as we seek to expand and progress our research and development activities.

Cash Flows from Financing Activities. Cash provided by financing activities for the nine months ended September 30, 2012 was $5,938,231, which was primarily derived from the sale of $6,000,000 of our common stock in a private placement transaction in May 2012. Net cash provided by financing activities for the nine months ended September 30, 2011 was nominal.

Future Liquidity Needs. From Inception through September 30, 2012, we have principally financed our operations through private equity financings with aggregate net proceeds of $15,468,776, as we have not generated any product-related revenue from operations to date, and do not expect to generate significant revenue for several years, if ever. We will need to raise additional capital before we exhaust our current cash resources in order to continue to fund our research and development, including our long-term plans for pre-clinical trials and new product development, as well as to fund operations generally. As and if necessary, we will seek to raise additional funds through various potential sources, such as equity and debt financings, or through corporate collaboration and license agreements. We can give no assurances that we will be able to secure such additional sources of funds to support our operations, or, if such funds are available to us, that such additional financing will be sufficient to meet our needs.

Based on our resources at September 30, 2012, and our current plan of expenditure on research and development programs, we believe that we will have sufficient capital to fund our operations for at least twelve months. Our actual cash requirements may vary

materially from those now planned, however, because of a number of factors, including the pursuit of development of product candidates, competitive and technical advances, costs of commercializing any potential product candidates, and costs of filing, prosecuting, defending and enforcing any patent claims and any other intellectual property rights. If we are unable to raise additional funds when needed, we may not be able to develop any product candidates, we could be required to delay, scale back or eliminate some or all of our research and development programs and we may need to wind down our operations altogether. Each of these alternatives would have a material adverse effect on our business.

To the extent that we raise additional funds by issuing equity or debt securities, our stockholders may experience additional significant dilution and such financing may involve restrictive covenants. To the extent that we raise additional funds through collaboration and licensing arrangements, it may be necessary to relinquish some rights to our technologies or our product candidates, or grant licenses on terms that may not be favorable to us. These things may have a material adverse effect on our business.

Additionally, recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies. As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike, and a corresponding decrease in global infrastructure spending. Continued turbulence in the U.S. and international markets and economies and prolonged declines in business and consumer spending may adversely affect our liquidity and financial condition, including its ability to access the capital markets to meet liquidity needs.

Off-Balance Sheet Arrangements

Since our inception through September 30, 2012, we have not engaged in any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

New Accounting Pronouncements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, as defined by Section 10(f)(1) of Regulation S-K, we are not required to provide the information set forth in this Item.

Item 4. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's regulations, rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. As required by Rule 13a-15(b) promulgated by the SEC under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

To the best of our knowledge, we are not a party to any legal proceedings that, individually or in the aggregate, are deemed to be material to our financial condition or results of operations.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2011, Part I –Item 1A, Risk Factors, describes important risk factors that could cause our business, financial condition, results of operations and growth prospects to differ materially from those indicated or suggested by forward-looking statements made in this Form 10-Q or presented elsewhere by management from time to time. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business.

There have been no material changes in our risk factors since the filing of our Annual Report on Form 10-K for the year ended December 31, 2011.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this Quarterly Report on Form 10-Q and such Exhibit Index is incorporated herein by reference.

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.

SORRENTO THERAPEUTICS, INC.

Date: November 8, 2012

By: /s/ Henry Ji, PH.D.

Henry Ji, Ph.D.
Chief Executive Officer and President
(Principal Executive Officer)

Date: November 8, 2012

By: /s/ Richard Glenn Vincent

Richard Glenn Vincent
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

10.1	Employment Agreement, dated September 21, 2012, by and between Sorrento Therapeutics, Inc. and Henry Ji, Ph.D.
10.2	Employment Agreement, dated September 21, 2012, by and between Sorrento Therapeutics, Inc. and Richard G. Vincent.
10.3	First Amendment to Employment Agreement, dated October 18, 2012, by and between Sorrento Therapeutics, Inc. and Henry Ji, Ph.D.
10.4	First Amendment to Employment Agreement, dated October 18, 2012, by and between Sorrento Therapeutics, Inc. and Richard G. Vincent.
10.5	Form of Indemnification Agreement (incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the SEC on September 7, 2012).
31.1	Certification of Henry Ji, Ph.D., Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended.
31.2	Certification of Richard Glenn Vincent, Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended.
32.1	Certification of Henry Ji, Ph.D., Principal Executive Officer, and Richard Glenn Vincent, Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended.
Exhibit 101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Financial Statements.

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* As provided in Rule 406T of Regulation S-T, this information is furnished herewith and not filed for purposes of sections 11 and 12 of the Securities Act of 1933, as amended, or section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.1

SORRENTO THERAPEUTICS, INC.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "***Agreement***"), dated as of September 21, 2012 (the "***Effective Date***"), is made by and between Sorrento Therapeutics, Inc., a Delaware corporation (together with any successor thereto, the "***Company***"), and Henry Ji, Ph.D. (the "***Executive***") (collectively referred to herein as the "***Parties***").

WHEREAS, Executive and the Company mutually desire to set forth the terms and conditions upon which the Company will compensate Executive for his services as an employee following the Effective Date.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the Parties hereto agree as follows:

1. Employment.

(a) General. From and after the Effective Date, the Company shall employ Executive and Executive shall be employed by the Company, for the period and in the position set forth in this Section 1, subject to the other terms and conditions herein provided.

(b) Employment Term. The term of employment under this Agreement (the "***Term***") shall commence on the Effective Date and continue thereafter until terminated in accordance with Section 3.

(c) Position and Duties. Executive shall serve as President and Chief Executive Officer of the Company with such customary responsibilities, duties and authority normally associated with such position and as may from time to time be assigned to Executive by the Board of Directors of the Company (the "***Board***"), consistent with such position. In the performance of such duties, Executive shall report to the Board. Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Company (which shall include service to its affiliates, if applicable) and shall not engage in outside business activities (including serving on outside boards or committees) without the consent of the Board, provided that Executive shall be permitted to (i) manage Executive's personal, financial and legal affairs, (ii) participate in trade associations, and (iii) serve on the board of directors of not-for-profit or tax-exempt charitable organizations, in each case, subject to compliance with this Agreement and provided that such activities do not materially interfere with Executive's performance of Executive's duties and responsibilities hereunder. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the Board. Executive agrees to observe and comply with the rules and policies of the Company as adopted by the Company from time to time, in each case as amended from time to time, and as delivered or made available to Executive (each, a "***Policy***").

2. Compensation and Related Matters.

(a) Annual Base Salary. Executive shall receive a base salary at a rate of $375,000 per annum (such annual base salary, as it may be adjusted from time to time, the "***Annual Base Salary***"). The Annual Base Salary shall be paid in accordance with the customary payroll practices of the Company. Such Annual Base Salary shall be reviewed (and may be adjusted) from time to time by the Board or an authorized committee of the Board.

(b) Bonus. Executive will be eligible to participate in an annual incentive program established by the Board or an authorized committee of the Board. Executive's target annual incentive compensation under such incentive program shall be thirty-five percent (35%) of his Annual Base Salary (the "***Annual Bonus***"). The Annual Bonus payable under the annual incentive program shall be based on the achievement of individual and Company performance goals to be determined in good faith by the Board or an authorized committee of the Board. The payment of each Annual Bonus shall be subject to Executive's continued employment with the Company through the date of payment, and shall be paid between January 1st and March 15th of the calendar year following the calendar year to which it relates.

(c) Benefits. During the Term, Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company, consistent with the terms thereof and as such plans, programs and arrangements may be amended from time to time.

(d) Vacation. During the Term, Executive shall be entitled to paid personal leave in accordance with the Company's Policies. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive.

(e) Expenses. During the Term, the Company shall reimburse Executive for all reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement Policy.

(f) Key Person Insurance. At any time during the Term, the Company shall have the right to insure the life of Executive for the Company's sole benefit. The Company shall have the right to determine the amount of insurance and the type of policy. Executive shall reasonably cooperate with the Company in obtaining such insurance by submitting to physical examinations, by supplying all information reasonably required by any insurance carrier, and by executing all necessary documents reasonably required by any insurance carrier, provided that any information provided to an insurance company or broker shall not be provided to the Company without the prior written authorization of Executive. Executive shall incur no financial obligation by executing any required document, and shall have no interest in any such policy.

3. Termination.

The Company and Executive acknowledge that Executive's employment during the Term will be at-will, as defined under applicable law, and that Executive's employment with the Company during the Term may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) *Death*. Executive's employment hereunder shall terminate upon Executive's death.

(ii) *Disability*. If Executive has incurred a Disability (as defined below), the Company may terminate Executive's employment. "***Disability***" shall mean, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company's employees, "disability" as defined in such long-term disability plan for the purpose of determining a participant's eligibility for benefits; *provided*, *however*, if the long-term disability plan contains multiple definitions of disability, "***Disability***" shall refer to that definition of disability which, if Executive qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether Executive has a Disability shall be made

by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean Executive's inability to perform, with or without reasonable accommodation, the essential functions of Executive's position hereunder for a total of three months during any six-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed. Any refusal by Executive to submit to a medical examination for the purpose of determining Disability shall be deemed to constitute conclusive evidence of Executive's Disability.

(iii) *Termination by the Company*. The Company may terminate Executive's employment with or without "***Cause***" (as defined below).

(iv) *Resignation by Executive.* Executive may resign Executive's employment with the Company with or without "***Good Reason***" (as defined below).

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 3 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, and (ii) specifying a Date of Termination (as defined below) which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "***Notice of Termination***"); *provided, however,* that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company in its sole discretion. For purposes of this Agreement, "***Date of Termination***" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death; or (ii) if Executive's employment is terminated pursuant to Section 3(a)(ii) – (iv) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to this Section 3(b), whichever is earlier.

(c) Company Obligations upon Termination. Upon termination of Executive's employment pursuant to any of the circumstances listed in Section 3(a), Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Annual Base Salary earned through the Date of Termination but not yet paid to Executive; (ii) any expenses owed to Executive pursuant to Section 2(e); and (iii) any amount accrued and arising from Executive's participation in, or vested benefits accrued under any employee benefit plans, programs or arrangements (collectively, the "***Company Arrangements***"), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

(d) Severance on Termination Without Cause or Resignation for Good Reason.

(i) *Severance*. If Executive is terminated without Cause or if Executive resigns for Good Reason, then, subject to Executive signing on or before the forty-fifth (45th) day following Executive's Separation from Service (as defined below), and not revoking, a release of claims in a form reasonably acceptable to the Company (the "***Release***"), and Executive's continued compliance with Section 4, Executive shall receive, in addition to the compensation set forth in Section 3(c), the following:

(A) an amount equal to Executive's then current Annual Base Salary, payable in a lump sum on the First Payment Date (as defined below);

(B) for the twelve (12) month period following Executive's Separation from Service (or, if earlier, the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***") expires), the Company shall arrange to provide Executive and his eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Separation from Service with health (including medical and dental) insurance benefits substantially similar to those provided to such dependents immediately prior to the date of such Separation from Service. If the Company is not reasonably able to continue health insurance benefits coverage under the Company's insurance plans, the Company shall provide substantially equivalent coverage under other third party insurance sources. If any of the Company's health benefits are self-funded as of the date of Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that exempt from Section 409A of the Code or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing continued health insurance benefits as set forth above, the Company shall instead pay to Executive an amount equal to twelve (12) multiplied by the monthly premium Executive would be required to pay for continuation coverage pursuant to the COBRA for his eligible dependents who were covered under the Company's health plans as of the date of Executive's Separation from Service (calculated by reference to the premium as of the date of Separation from Service), which amount shall be paid on the First Payment Date.

(ii) *Definition of Cause*. For purposes of this Agreement, the Company shall have "***Cause***" to terminate Executive's employment hereunder upon: (A) Executive's dishonesty that is intended to materially injure the business of the Company or its affiliates; (B) Executive's conviction of a felony; or (C) Executive's wanton or willful dereliction of duties that is not cured within thirty (30) days after Executive is provided written notice of such dereliction of duties by the Company.

(iii) *Definition of Good Reason*. For the sole purpose of determining Executive's right to severance payments as described above, the Executive's resignation will be for "***Good Reason***" if the Executive resigns within ninety (90) days after any of the following events, unless Executive consents to the applicable event: (A) a decrease in Executive's Annual Base Salary or annual target bonus opportunity, other than a reduction in Executive's Annual Base Salary or annual target bonus opportunity that is implemented in connection with a contemporaneous reduction in annual base salaries affecting other senior executives of the Company, (B) a material decrease in the Executive's authority or areas of responsibility as are commensurate with such Executive's title or position (other than in connection with a corporate transaction where the Executive continues to hold the position referenced in Section 1(c) above with respect to the Company's business, substantially as such business exists prior to the date of consummation of such corporate transaction, but does not hold such position with respect to the successor corporation), or (C) the relocation of the Executive's primary office to a location more than thirty-five (35) miles from the Company's then current headquarters. Notwithstanding the foregoing, no Good Reason will have occurred unless and until Executive has: (1) provided the Company, within sixty (60) days of Executive's knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, written-notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; and (2) provided the Company with an opportunity to cure the same within thirty (30) days after the receipt of such notice.

(e) No Other Compensation. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided in this Section 3, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder. In the event that Executive's employment is terminated by the Company for any reason other than being terminated without Cause or if Executive resigns without Good Reason, Executive's sole and exclusive remedy shall be to receive the payments and benefits described in Section 3(c). Executive shall not be required to mitigate the amount of any payment provided for in this Section 3 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 3 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; *provided*, *however*, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 3.

(f) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its affiliates.

4. Restrictive Covenants.

(a) General. Executive acknowledges that the Company has provided and, during the Term, the Company from time to time will continue to provide Executive with, access to its proprietary information. Ancillary to the rights provided to Executive as set forth in this Agreement and the Company's provision of Confidential Information, and Executive's agreements regarding the use of same, in order to protect the value of any Confidential Information, the Company and Executive agree to the following provisions (A) against unfair competition, (B) respecting Executive's use of proprietary information and the protection of such information, and (C) the ownership of inventions developed by Executive in the course of Executive's engagement or employment by or relationship with the Company, which Executive acknowledges represent a fair balance of the Company's rights to protect its business and Executive's right to pursue employment.

(b) Noncompetition; Nonsolicitation.

(i) *Noncompetition.* Executive shall not, at any time during the Term, directly or indirectly engage in, have any equity interest in, interview for a potential employment or consulting relationship with or manage, provide services to or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company anywhere in the world. Nothing herein shall prohibit Executive from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as Executive has no active participation in the business of such entity.

(ii) *Nonsolicitation*. Executive shall not, at any time during the Restriction Period (as defined below), directly or indirectly, recruit or otherwise solicit or induce any customer, subscriber or supplier of the Company to (A) terminate or reduce its arrangement or business with the Company, or (B) to otherwise change its relationship with the Company. Executive shall not, at any time during the Restriction Period, directly or indirectly, either for Executive or for any other person or entity, (x) solicit any employee or independent contractor of the Company to

terminate his or her employment or arrangement with the Company, or (y) employ any such individual during his or her employment or engagement with the Company and for a period of twelve months after such individual terminates his or her employment or engagement with the Company.

(iii) *Blue Penciling*. In the event the terms of this Section 4(b) shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(c) Proprietary Information and Inventions Agreement. Executive and the Company have executed the Company's standard Proprietary Information and Inventions Agreement, which agreement is attached hereto as Exhibit A and incorporated herein by reference (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of his therein contained.

(d) Return of Property. Upon termination of Executive's employment with the Company for any reason, Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents or property concerning the Company's customers, business plans, marketing strategies, products, property or processes.

(e) Non-Disparagement. Each Party (which, in the case of the Company, shall mean its officers and the members of the Board) agrees, during the Term and following the Date of Termination, to refrain from Disparaging (as defined below) the other Party and its affiliates, including, in the case of the Company, any of its services, technologies or practices, or any of its directors, officers, agents, representatives or stockholders, either orally or in writing. Nothing in this paragraph shall preclude any Party from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process, or to defend or enforce a Party's rights under this Agreement. For purposes of this Agreement, "***Disparaging***" means remarks, comments or statements, whether written or oral, that impugn the character, integrity, reputation or abilities of the person or entity being disparaged.

(f) Definitions. As used in this Section 4, (i) the term "***Company***" shall include the Company and its direct and indirect parents and subsidiaries; (ii) the term "***Business***" shall mean the business of the Company, as such business may be expanded or altered by the Company during the Term; and (iii) the term "***Restriction Period***" shall mean the period beginning on the Effective Date and ending on the date that is twelve (12) months following the Date of Termination.

(g) Rights and Remedies Upon Breach. It is recognized and acknowledged by Executive that a breach of the covenants contained in this Section 4 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of a breach of any of the covenants contained in this Section 4, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief. In addition, in the event Executive breaches any of the provisions of this Section 4, the Company shall be entitled to immediately cease all payments under Section 3(d) above.

(h) Acknowledgment by Executive. Executive has carefully read and considered the provisions of this Section 4, and, having done so, agrees that the restrictions set forth in this Section 4, including, but not limited to, the Restriction Period, are fair and reasonable and are reasonably required for the protection of the interests of the Company and its parent or subsidiary corporations, officers, directors, shareholders, and other employees.

5. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any affiliate or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

6. Miscellaneous Provisions.

(a) Governing Law; Venue. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of California without reference to the principles of conflicts of law of the State of California or any other jurisdiction, and where applicable, the laws of the United States. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each Party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(b) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(c) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(i) If to the Company:

Sorrento Therapeutics, Inc.
6042 Cornerstone Ct. West, Suite B
San Diego, CA 92121
Attention: Chairman of the Board of Directors
Facsimile: (858) 210-3759

(ii) If to Executive, at the last address that the Company has in its personnel records for Executive; or

(iii) At any other address as any Party shall have specified by notice in writing to the other Party.

(d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(e) Entire Agreement. The terms of this Agreement, together with the Proprietary Information and Inventions Agreement, are intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof and supersede all prior understandings and agreements, whether written or oral, including, without limitation, any offer letter, employment or consulting agreement between the Company and Executive; *however*, Executive hereby reaffirms his obligations under any previous confidentiality, assignment of inventions or noncompetition agreement with the Company and agrees that this Agreement does not supersede or modify any continuing obligations thereunder. The Company shall be entitled to enforce any and all such agreements against Executive to ensure that the Company receives the benefit of all such agreements. To the extent any of such prior confidentiality, assignment of inventions or noncompetition agreements previously entered into by Executive and the Company conflict with the terms of this Agreement, those provisions that are more favorable to the Company shall prevail. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(f) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided*, *however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(g) No Inconsistent Actions. The Parties hereto shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the Parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

(h) Construction. This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) “and” and “or” are each used both conjunctively and disjunctively; (iii) “any,” “all,” “each,” or “every” means “any and all,” and “each and every”; (iv) “includes” and “including” are each “without limitation”; (v) “herein,” “hereof,” “hereunder” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(i) Arbitration. Both Executive and the Company agree to submit any and all disputes, controversies, or claims based upon, relating to, or arising from your employment by the Company (other than workers' compensation claims) or the terms, interpretation, performance, breach, or arbitrability of this Agreement to final and binding arbitration before a single neutral arbitrator in San Diego County, California. Subject to the terms of this paragraph, the arbitration proceedings shall be initiated in accordance with, and governed by, the National Rules for the Resolution of Employment Disputes ("***Rules***") of the American Arbitration Association ("***AAA***"). The arbitrator shall be appointed by agreement of the Parties hereto or, if no agreement can be reached, by the AAA pursuant to its Rules. Notwithstanding the Rules, the Parties may take discovery in accordance with Sections 1283.05(a)-(d) of the California Code of Civil Procedure (but not subject to the restrictions of Section 1283.05(e)), and prior to the arbitration hearing the Parties may file, and the arbitrator shall rule on, pre-trial motions such as demurrers and motions for summary judgment (applying the procedural standard embodied in Rule 56 of the Federal Rules of Civil Procedure). The time for filing such motions shall be determined by the arbitrator. The arbitrator will rule on all pre-trial motions at least ten (10) business days prior to the scheduled hearing date. Arbitration may be compelled, the arbitration award shall be enforced, and judgment thereon shall be entered, pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). Each Party shall bear his, her or its own attorneys' fees and costs (including expert witness fees) incurred in connection with the arbitration, unless the arbitrator find that a statutory award of attorneys' fees is appropriate. The Company shall bear AAA's administrative fees and the arbitrator's fees and costs. If either Party is required to compel arbitration of a dispute governed by this paragraph, the Party prevailing in that proceeding shall be entitled to recover from the other Party reasonable costs and attorneys' fees incurred to compel arbitration. This Section 6(i) is intended to be the exclusive method for resolving any and all claims by Executive or the Company against each other for payment of damages under this Agreement or relating to Executive's employment or service; *provided*, *however*, that neither this Agreement nor the submission to arbitration shall limit Executive's or the Company's right to seek provisional relief, including without limitation injunctive relief, in any court of competent jurisdiction. Both Executive and the Company expressly waive their respective rights to a jury trial.

(j) Enforcement. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(k) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(l) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 4 and 6 shall survive any termination of this Agreement.

(m) Section 409A.

(i) *General.* The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "***Section 409A***") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith.

(ii) *Separation from Service.* Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon Executive's termination of employment shall be payable only upon Executive's "separation from service" with the Company within the meaning of Section 409A (a "***Separation from Service***") and, except as provided below, any such compensation or benefits described in Section 4(b) shall not be paid until the fifty-fifth (55th) day following Executive's Separation from Service (the "***First Payment Date***").

(iii) *Specified Employee.* Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(iv) *Expense Reimbursements.* To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Executive shall be paid to Executive no later than December 31 of the calendar year following the calendar year in which the expense was incurred; *provided*, that Executive submits Executive's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one calendar year shall not affect the amount eligible for reimbursement in any subsequent calendar year, other than medical expenses referred to in Section 105(b) of the Code, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) *Installments.* Executive's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

7. Executive Acknowledgement.

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written.

COMPANY

By: /s/ Richard G. Vincent
Name: Richard G. Vincent
Title: Chief Financial Officer

EXECUTIVE

By: /s/ Henry Ji, Ph.D.
Henry Ji, Ph.D.

[Signature Page to Henry Ji Employment Agreement]

EXHIBIT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

[Attached]

SORRENTO THERAPEUTICS, INC.

**PROPRIETARY INFORMATION AND
INVENTIONS AGREEMENT**

I acknowledge and understand that Sorrento Therapeutics, Inc. is engaged in a continuous program of research and development with respect to its business.

I. DEFINITIONS.

I acknowledge and understand that:

1. Definitions for the capitalized terms used in this Proprietary Information And Inventions Agreement (including the Attachments attached hereto, "**Agreement**") shall have the meanings provided below. Where the context so indicates, a word in the singular form shall include the plural and vice-versa:

   1.1 "**Company**" as used herein, shall mean, collectively, Sorrento Therapeutics, Inc., a Delaware corporation ("**Sorrento**"), and each subsidiary and affiliate of the foregoing, provided that, for purposes of this definition, I shall not be deemed an affiliate of Sorrento.

   1.2 "**Inventions**" as used herein, means all data, discoveries, designs, developments, formulae, ideas, improvements, inventions, know-how, processes, programs, databases, trade secrets and techniques, whether or not patentable or registerable under copyright, trademark or similar statutes, and all designs, trademarks and copyrightable works that I made or conceived or reduced to practice or learned, either alone or jointly with others, during the period of my employment which: (i) are related to or useful in the business of the Company or to the Company's actual or demonstrably anticipated research, design, development, experimental production, financing, manufacturing, licensing, distribution or marketing activity; or (ii) result from tasks assigned me by the Company; or (iii) result from the use of premises or equipment owned, leased or contracted for by the Company.

   1.3 "**Proprietary Information**" shall mean confidential information that has been created, discovered or developed, or has otherwise become known to the Company (including without limitation information created, discovered, developed or made known by or to me during the period of or arising out of my employment by the Company), and/or in which property rights have been assigned or otherwise conveyed to the Company, which information has commercial value in the business in which the Company is engaged or proposes to be engaged. By way of illustration but not limitation, "Proprietary Information" includes: (i) inventions, knowledge, trade secrets, ideas, data, programs, works of authorship, know-how, improvements, discoveries, designs, techniques and sensitive information the Company receives from its customers or

receives from a third party under a confidentiality obligation; (ii) technical information relating to the Company's existing and future products, including, where appropriate and without limitation, manufacturing techniques and procedures, production controls, software, firmware, information, patent disclosures, patent applications, development or experimental work, formulae, engineering or test data, product specification and part lists, names of suppliers, structures, models, techniques, processes and apparatus relating to the same disclosed by the Company to me or obtained by me through observation or examination of information or developments; (iii) marketing information (including without limitation marketing strategies, customer names and requirements and products and services, prices, margins and costs); (iv) future product plans; (v) financial information provided to me by the Company; (vi) personnel information (including without limitation employee compensation); and (vii) other confidential business information.

II. ACKNOWLEDGEMENTS.

1. My employment creates a relationship of confidence and trust between the Company and me with respect to any information: (i) applicable to the business of the Company; or (ii) applicable to the business of any customer or partner of the Company; or (iii) which the Company is under a contractual obligation to keep confidential which may be made known to me by the Company or by any customer or partner of the Company, or learned by me through my employment with the Company.
2. The Company possesses and will continue to possess Proprietary Information.

III. AGREEMENT.

In consideration of my employment or continued employment by the Company, and the compensation now and hereafter paid to me, I hereby agree as follows:

1. Protection of Proprietary Information.

1.1 Property of the Company. All Proprietary Information shall be the sole property of the Company and its assigns or a third party, as applicable, and the Company and its assigns or such third party shall be the sole owner of all patents and other rights in connection with such Proprietary Information. I hereby irrevocably transfer and assign to the Company any rights I may have or acquire in any or all Proprietary Information. During the term of my employment by the Company and at all times thereafter, I will keep in confidence and trust all Proprietary Information, and I will not directly or indirectly disclose, sell, use, lecture upon or publish any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties as an employee of the Company. I will obtain the Company's prior written approval before publishing or submitting for publication any material that relates to my work at the Company or incorporates any Proprietary Information. My obligations regarding Proprietary Information shall continue until such time as the Proprietary Information is publicly known without fault on my part.

1.2 Property of Third Parties. I recognize that the Company has received and in the future will receive information from third parties, which is private or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree, during the term of my employment and thereafter, to hold all such private or proprietary information received from third parties in the strictest confidence and not to disclose or use it, except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party. My obligations regarding the private or proprietary information of third parties shall continue until such time as such private or proprietary information is publicly known without fault on my part.

2. Avoid Conflict of Interest. During the course of my employment, I shall inform the Company before accepting any employment, consulting or other relationship with another person or entity (i) in any field related to the Company's line of business, or (ii) in a position that requires a significant time commitment. Lack of objection by the Company regarding any particular outside activity does not in any way reduce my obligations under this Agreement.

3. Return of Materials. All apparatus, computers, computer files and media, data, documents, drawings, engineering log books, equipment, inventor notebooks, programs, prototypes, records, samples, equipment and other information and physical property, whether or not pertaining to or constituting Proprietary Information, furnished to me by the Company, or produced by myself or others in connection with my employment, shall be and remain the sole property of the Company and shall be returned promptly to the Company as and when requested by the Company. Should the Company not so request, I shall return and deliver all such property upon termination of my employment, and I will not take with me any such property or any reproduction of such property upon such termination. I further agree that any property situated on the Company's premises and owned by the Company, including computers, computer files, e-mail, voicemail, disks and other electronic storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without cause and with or without notice.

4. Non-Solicitation. I agree that during the term of my employment with the Company and for six (6) months thereafter (the "**Restricted Period**"), I will not, and will not permit any affiliate of mine under my control to, in each case either directly or indirectly, for my own account or otherwise: (i) solicit, induce, or attempt to solicit or induce any employee, consultant or contractor of the Company or any current or former subsidiary or affiliate of the Company (each, an "**Affiliate**") to terminate its employment, consulting or contractual relationship with the Company or any Affiliate; or (ii) take any other action that would reasonably be expected to cause such employee, consultant or contractor of the Company or any Affiliate to terminate his or her employment, consulting or

contractual relationship with the Company or any Affiliate. Further, I acknowledge that I have learned or acquired, and will learn and acquire, Proprietary Information about the Company, and the Company's customers and suppliers. In order to prevent the misuse of such Proprietary Information, I agree that, during the Restricted Period, I will not solicit the business of the Company's customers and/or any customer of a Affiliate (including any people or entities that were customers or suppliers of the Company and/or any Affiliate during the 12-month period prior to the termination of my employment with the Company) for services similar to those performed, or goods similar to those sold, by the Company and/or any Affiliate. I acknowledge that this provision is essential to the Company's business, without which the Company would not have entered into this Agreement.

5. Inventions. I will promptly disclose in confidence to the Company, or to any persons designated by it, any and all Inventions; such disclosure obligations shall continue for twelve (12) months after termination of my employment with respect to any and all Inventions made, conceived, reduced to practice or learned by me before the termination of my employment.

6. Ownership and Protection of Inventions.

6.1 The Company owns Inventions. I agree that any and all Inventions shall be the sole property of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents, trademarks, copyrights and other rights in connection with Inventions.

6.2 Inventions Protection. I hereby irrevocably transfer and assign to the Company any rights I may have or acquire in Inventions. In addition, to the extent permitted by federal copyright law, the parties agree that any works resulting from my work under this Agreement shall be "works for hire" as defined in the federal copyright law. I hereby irrevocably transfer and assign to the Company all of my works of authorship and all worldwide copyrights, trademarks, patents, patent applications, trade secrets and other similar rights ("**Intellectual Property Rights**") in (i) such works to the extent such works result from my employment with the Company or are otherwise provided for under the terms of this Agreement and (ii) any Inventions. I further agree, as to any and all Inventions, to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce Intellectual Property Rights in Inventions in any and all countries. To that end, I will perform any further acts and execute and deliver all documents for use in applying for and obtaining such Intellectual Property Rights therein and enforcing the same, as the Company may desire, together with any assignments of such protections to the Company or persons designated by it. My obligation to assist the Company in obtaining and enforcing Intellectual Property Rights in Inventions in any and all countries shall continue beyond the termination of my employment, but, after such termination, the Company shall compensate me at a reasonable rate for time actually spent by me at the Company's request on such assistance. I acknowledge that I may be

unavailable when the Company needs to secure my signature for lawful and necessary documents required to apply for or execute any Intellectual Property Rights with respect to Inventions (including renewals, extensions, continuations, divisions or continuations in part of patent applications). Therefore, I irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact, to act for and in my behalf and instead of me, to execute and file any such application(s) and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trademarks and other protections on Inventions with the same legal force and effect as if executed by me. The Company shall also have the right to keep any and all Inventions as trade secrets.

6.3 Moral Rights. Any assignment of copyright hereunder includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights" (collectively "**Moral Rights**"). To the extent such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, I hereby waive such Moral Rights and consent to any action of the Company that would violate such Moral Rights in the absence of such consent. I will confirm any such waivers and consents from time to time as requested by the Company.

6.4 Maintenance of Records. I agree to keep and maintain adequate and current written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company, and to promptly disclose the same to my immediate supervisor or to any persons designated by the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company, The records will be available to and remain the sole property of the Company at all times.

7. List of Pre-Employment Inventions. I have attached to this Agreement as Attachment A a complete list of all developments, discoveries, improvements, inventions, trade secrets, technical or journal writings or other works of authorship which I have made or conceived or first reduced to practice alone or jointly with others prior to my engagement by the Company which are not subject to a confidentiality agreement that would bar such listing (collectively "**Pre-Employment Inventions**"); and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have made no such Pre-Employment Inventions at the time of signing this Agreement. The Company will not require me to assign any rights I may have in any of the listed Pre-Employment Inventions. Furthermore, the listed Pre-Employment Inventions will not be classified as Proprietary Information or Inventions. Notwithstanding the above, if, in the course of my employment with the Company, I incorporate into a Company product, process or machine a Pre-Employment Invention or any other inventions, technical writings, papers, journal articles, developments, improvements, and trade secrets which were made by me prior to my employment with the Company, which are owned by me or in which I have an exclusive interest, the Company is hereby granted and shall have a nonexclusive,

royalty-free, irrevocable, perpetual, worldwide, transferable and sublicensable license to make, have made, modify, use and sell such Pre-Employment Invention as part of or in connection with such product, process or machine. I acknowledge and agree that the Company and its subsidiaries or affiliates are free to compete or develop information, inventions and products within the areas and type of the Pre-Employment Inventions.

8. No Conflicting Obligation. I represent that my performance of all the terms of this Agreement and my employment by the Company does not and will not breach any invention assignment agreement or any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement. I also understand that I am not to breach any obligation of confidentiality I have to others during my employment with the Company.

9. No Improper Use of Information of Prior Employers or Others. As part of the consideration for the offer of employment by the Company and of my employment or continued employment by the Company, I have not brought and will not bring to the Company, or use or disclose in the performance of my responsibilities any equipment, supplies, facility, electronic media, software, trade secret or other information or property of any former employer or any other person or entity which are not generally available to the public, unless I have obtained their written authorization for its possession and use. I further represent, warrant and agree that I have not and will not solicit, induce, recruit or encourage any other individual to leave his or her employment, where I am or should be reasonably aware that such action on my part would breach any agreement I may have with a third party.

10. Notification of New Employer. In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer (or party to which I otherwise provide services) of my rights and obligations under this Agreement.

11. Governing Law Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of California, as such laws are applied to agreements entered into and to be performed entirely within California between California residents. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

12. Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

13. Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or

unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

14. Term of Employment. I understand that my employment is "at will" and that I or the Company may terminate my employment at any time, for any reason or no reason, with or without cause and with or without notice.

15. Section 2870 Inventions. This Agreement does not apply to an Invention which qualifies fully as a nonassignable Invention under Section 2870 of the California Labor Code (hereinafter "**Section 2870**"). I have reviewed the notification on Attachment B (Limited Exclusion Notification) and agree that my signature acknowledges receipt of the notification.

    15.1 Notwithstanding this Section 15, during the term of my employment, I shall disclose in confidence to the Company any Invention in order to permit the Company to make a determination as to compliance by me with the terms and conditions of this Agreement. I understand that should a dispute arise as to whether a given invention qualifies fully for protection under Section 2870, I bear the burden of proving that the Invention fully qualifies for protection thereunder.

16. Survival of Obligations. This Agreement shall survive termination of my employment, regardless of the circumstances of such termination.

17. Effective Date. This Agreement shall be effective as of the first day of my employment by the Company which is September, 21, 2012.

18. Binding Effect. This Agreement shall be binding upon my heirs, executors, administrators or other legal representatives and shall inure to the benefit of successors and assigns of the Company. The Company may assign any of its rights and obligations under this Agreement. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

19. Entire Agreement. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between us, whether orally or in writing. I hereby reaffirm my obligations under any previous confidentiality, assignment of inventions or noncompetition agreement with the Company and agree that this Agreement does not supersede or modify any continuing obligations thereunder. The Company shall be entitled to enforce any and all such agreements against me to ensure that the Company receives the benefit of all such agreements. To the extent any of such prior confidentiality, assignment of inventions or noncompetition agreements previously entered into by me and the

Company conflict with the terms of this Agreement, those provisions that are more favorable to the Company shall prevail. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

21. Legal And Equitable Remedies. Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

22. Notices. Any notices required or permitted hereunder shall be given to the appropriate party at the address specified below or at such other address as the party shall specify in writing. Such notice shall be deemed given upon personal delivery to the appropriate address or if sent by certified or registered mail, forty-eight (48) hours after the date of mailing.

23. Attachments. The following Attachments are made a part of and incorporated by reference into this Agreement:

Attachment A: List of Pre-Employment Inventions.

Attachment B: Limited Exclusion Notification required by California Labor Code Section 2872.

[remainder of page intentionally left blank]

I HAVE READ THIS AGREEMENT CAREFULLY AND I UNDERSTAND AND ACCEPT THE OBLIGATIONS WHICH IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ME TO INDUCE ME TO SIGN THIS AGREEMENT. I SIGN THIS AGREEMENT VOLUNTARILY AND FREELY, IN DUPLICATE, WITH THE UNDERSTANDING THAT ONE COUNTERPART WILL BE RETAINED BY THE COMPANY AND THE OTHER COUNTERPART WILL BE RETAINED BY ME.

Date: September 21, 2012

/s/ Henry Ji, Ph.D.
Employee Signature

Henry Ji, Ph.D.
Name (type or print)

Accepted and Agreed to:

SORRENTO THERAPEUTICS, INC.

By: /s/ Richard G. Vincent

Name: Richard G. Vincent

Title: CFO

ATTACHMENT A

LIST OF PRE-EMPLOYMENT INVENTIONS

This List of Pre-Employment Inventions, along with any attached pages, is part of and incorporated by reference into the attached PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT.

The following is a complete list of all developments, discoveries, improvements, inventions, trade secrets, technical or journal writings or other works of authorship, which I have made or conceived or first reduced to practice alone or jointly with others prior to my engagement by the Company which are not subject to a confidentiality agreement that would bar such listing (collectively "**Pre-Employment Inventions**"). I understand that the Company will not require me to assign any rights I may have in any of the listed Pre-Employment Inventions. 1 further understand that the listed Pre-Employment Inventions will not be classified as Proprietary Information or Inventions.

Notwithstanding the above, if, in the course of my employment with the Company, I incorporate into a Company product, process or machine a Pre-Employment Invention or any other inventions, technical writings, papers, journal articles, developments, improvements, and trade secrets which were made by me prior to my employment with the Company, which are owned by me or in which I have an exclusive interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide, transferable and sublicensable license to make, have made, modify, use and sell such Pre-Employment Invention as part of or in connection with such product, process or machine.

I represent that this list of Pre-Employment Inventions is complete.

☐ No Pre-Employment Inventions to report.

☐ See below.

☐ Additional sheets attached.

____

Name of Employee

____

Date

ATTACHMENT B

LIMITED EXCLUSION NOTIFICATION

THIS IS TO NOTIFY you in accordance with Section 2872 of the California Labor Code that the foregoing Agreement between you and the Company does not require you to assign or offer to assign to the Company any invention that you developed entirely on your own time without using the Company's equipment, supplies, facilities or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

To the extent a provision in the foregoing Agreement purports to require you to assign an invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or invention covered by a contract between the Company and the United States or any of its agencies requiring full title to such patent or invention to be in the United States.

I ACKNOWLEDGE RECEIPT of a copy of this notification.

By: /s/ Henry Ji, Ph.D.
(PRINTED NAME OF EMPLOYEE)

Date: September 21, 2012

WITNESSED BY:

/s/ Richard Vincent
(PRINTED NAME OF REPRESENTATIVE)

Exhibit 10.2

SORRENTO THERAPEUTICS, INC.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "***Agreement***"), dated as of September 21, 2012 (the "***Effective Date***"), is made by and between Sorrento Therapeutics, Inc., a Delaware corporation (together with any successor thereto, the "***Company***"), and Richard G. Vincent (the "***Executive***") (collectively referred to herein as the "***Parties***").

WHEREAS, Executive and the Company mutually desire to set forth the terms and conditions upon which the Company will compensate Executive for his services as an employee following the Effective Date.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the Parties hereto agree as follows:

1. Employment.

(a) General. From and after the Effective Date, the Company shall employ Executive and Executive shall be employed by the Company, for the period and in the position set forth in this Section 1, subject to the other terms and conditions herein provided.

(b) Employment Term. The term of employment under this Agreement (the "***Term***") shall commence on the Effective Date and continue thereafter until terminated in accordance with Section 3.

(c) Position and Duties. Executive shall serve as Chief Financial Officer of the Company with such customary responsibilities, duties and authority normally associated with such position and as may from time to time be assigned to Executive by the President and Chief Executive Officer of the Company (the "***CEO***") or the Board of Directors of the Company (the "***Board***"), consistent with such position. In the performance of such duties, Executive shall report to the CEO. Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Company (which shall include service to its affiliates, if applicable) and shall not engage in outside business activities (including serving on outside boards or committees) without the consent of the Board, provided that Executive shall be permitted to (i) manage Executive's personal, financial and legal affairs, (ii) participate in trade associations, (iii) serve on the board of directors of not-for-profit or tax-exempt charitable organizations, and (iv) continue to provide consulting services to those companies with which Executive is engaged as of the Effective Date for a reasonable transition period following the Effective Date, in each case, subject to compliance with this Agreement and provided that such activities do not materially interfere with Executive's performance of Executive's duties and responsibilities hereunder. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the Board. Executive agrees to observe and comply with the rules and policies of the Company as adopted by the Company from time to time, in each case as amended from time to time, and as delivered or made available to Executive (each, a "***Policy***").

2. Compensation and Related Matters.

(a) Annual Base Salary. Executive shall receive a base salary at a rate of $300,000 per annum (such annual base salary, as it may be adjusted from time to time, the "***Annual Base Salary***"). The Annual Base Salary shall be paid in accordance with the customary payroll practices of the Company. Such Annual Base Salary shall be reviewed (and may be adjusted) from time to time by the Board or an authorized committee of the Board.

(b) Bonus. Executive will be eligible to participate in an annual incentive program established by the Board or an authorized committee of the Board. Executive's target annual incentive compensation under such incentive program shall be twenty-five percent (25%) of his Annual Base Salary (the "***Annual Bonus***"). The Annual Bonus payable under the annual incentive program shall be based on the achievement of individual and Company performance goals to be determined in good faith by the Board or an authorized committee of the Board. The payment of each Annual Bonus shall be subject to Executive's continued employment with the Company through the date of payment, and shall be paid between January 1st and March 15th of the calendar year following the calendar year to which it relates.

(c) Benefits. During the Term, Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company, consistent with the terms thereof and as such plans, programs and arrangements may be amended from time to time.

(d) Vacation. During the Term, Executive shall be entitled to paid personal leave in accordance with the Company's Policies. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive.

(e) Expenses. During the Term, the Company shall reimburse Executive for all reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement Policy.

(f) Key Person Insurance. At any time during the Term, the Company shall have the right to insure the life of Executive for the Company's sole benefit. The Company shall have the right to determine the amount of insurance and the type of policy. Executive shall reasonably cooperate with the Company in obtaining such insurance by submitting to physical examinations, by supplying all information reasonably required by any insurance carrier, and by executing all necessary documents reasonably required by any insurance carrier, provided that any information provided to an insurance company or broker shall not be provided to the Company without the prior written authorization of Executive. Executive shall incur no financial obligation by executing any required document, and shall have no interest in any such policy.

3. Termination.

The Company and Executive acknowledge that Executive's employment during the Term will be at-will, as defined under applicable law, and that Executive's employment with the Company during the Term may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) *Death*. Executive's employment hereunder shall terminate upon Executive's death.

(ii) *Disability*. If Executive has incurred a Disability (as defined below), the Company may terminate Executive's employment. "***Disability***" shall mean, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company's employees, "disability" as defined in such long-term disability plan for the purpose of determining a participant's eligibility for benefits; *provided*, *however*, if the long-term disability

plan contains multiple definitions of disability, "***Disability***" shall refer to that definition of disability which, if Executive qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether Executive has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean Executive's inability to perform, with or without reasonable accommodation, the essential functions of Executive's position hereunder for a total of three months during any six-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed. Any refusal by Executive to submit to a medical examination for the purpose of determining Disability shall be deemed to constitute conclusive evidence of Executive's Disability.

(iii) *Termination by the Company*. The Company may terminate Executive's employment with or without "***Cause***" (as defined below).

(iv) *Resignation by Executive*. Executive may resign Executive's employment with the Company with or without "***Good Reason***" (as defined below).

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 3 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, and (ii) specifying a Date of Termination (as defined below) which, if submitted by Executive, shall be at least thirty (30) days following the date of such notice (a "***Notice of Termination***"); *provided, however,* that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company in its sole discretion. For purposes of this Agreement, "***Date of Termination***" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death; or (ii) if Executive's employment is terminated pursuant to Section 3(a)(ii) – (iv) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to this Section 3(b), whichever is earlier.

(c) Company Obligations upon Termination. Upon termination of Executive's employment pursuant to any of the circumstances listed in Section 3(a), Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Annual Base Salary earned through the Date of Termination but not yet paid to Executive; (ii) any expenses owed to Executive pursuant to Section 2(e); and (iii) any amount accrued and arising from Executive's participation in, or vested benefits accrued under any employee benefit plans, programs or arrangements (collectively, the "***Company Arrangements***"), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

(d) Severance on Termination Without Cause or Resignation for Good Reason.

(i) *Severance*. If Executive is terminated without Cause or if Executive resigns for Good Reason, then, subject to Executive signing on or before the forty-fifth (45th) day following Executive's Separation from Service (as defined below), and not revoking, a release of claims in a form reasonably acceptable to the Company (the "***Release***"), and Executive's continued compliance with Section 4, Executive shall receive, in addition to the compensation set forth in Section 3(c), the following:

(A) an amount equal to Executive's then current Annual Base Salary, payable in a lump sum on the First Payment Date (as defined below);

(B) for the twelve (12) month period following Executive's Separation from Service (or, if earlier, the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***") expires), the Company shall arrange to provide Executive and his eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Separation from Service with health (including medical and dental) insurance benefits substantially similar to those provided to such dependents immediately prior to the date of such Separation from Service. If the Company is not reasonably able to continue health insurance benefits coverage under the Company's insurance plans, the Company shall provide substantially equivalent coverage under other third party insurance sources. If any of the Company's health benefits are self-funded as of the date of Executive's Separation from Service, or if the Company cannot provide the foregoing benefits in a manner that exempt from Section 409A of the Code or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing continued health insurance benefits as set forth above, the Company shall instead pay to Executive an amount equal to twelve (12) multiplied by the monthly premium Executive would be required to pay for continuation coverage pursuant to the COBRA for his eligible dependents who were covered under the Company's health plans as of the date of Executive's Separation from Service (calculated by reference to the premium as of the date of Separation from Service), which amount shall be paid on the First Payment Date.

(ii) *Definition of Cause*. For purposes of this Agreement, the Company shall have "***Cause***" to terminate Executive's employment hereunder upon: (A) Executive's dishonesty that is intended to materially injure the business of the Company or its affiliates; (B) Executive's conviction of a felony; or (C) Executive's wanton or willful dereliction of duties that is not cured within thirty (30) days after Executive is provided written notice of such dereliction of duties by the Company.

(iii) *Definition of Good Reason*. For the sole purpose of determining Executive's right to severance payments as described above, the Executive's resignation will be for "***Good Reason***" if the Executive resigns within ninety (90) days after any of the following events, unless Executive consents to the applicable event: (A) a decrease in Executive's Annual Base Salary or annual target bonus opportunity, other than a reduction in Executive's Annual Base Salary or annual target bonus opportunity that is implemented in connection with a contemporaneous reduction in annual base salaries affecting other senior executives of the Company, (B) a material decrease in the Executive's authority or areas of responsibility as are commensurate with such Executive's title or position (other than in connection with a corporate transaction where the Executive continues to hold the position referenced in Section 1(c) above with respect to the Company's business, substantially as such business exists prior to the date of consummation of such corporate transaction, but does not hold such position with respect to the successor corporation), or (C) the relocation of the Executive's primary office to a location more than thirty-five (35) miles from the Company's then current headquarters. Notwithstanding the foregoing, no Good Reason will have occurred unless and until Executive has: (1) provided the Company, within sixty (60) days of Executive's knowledge of the occurrence of the facts and

circumstances underlying the Good Reason event, written-notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason; and (2) provided the Company with an opportunity to cure the same within thirty (30) days after the receipt of such notice.

(e) No Other Compensation. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided in this Section 3, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder. In the event that Executive's employment is terminated by the Company for any reason other than being terminated without Cause or if Executive resigns without Good Reason, Executive's sole and exclusive remedy shall be to receive the payments and benefits described in Section 3(c). Executive shall not be required to mitigate the amount of any payment provided for in this Section 3 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 3 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; *provided*, *however*, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 3.

(f) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its affiliates.

4. Restrictive Covenants.

(a) General. Executive acknowledges that the Company has provided and, during the Term, the Company from time to time will continue to provide Executive with, access to its proprietary information. Ancillary to the rights provided to Executive as set forth in this Agreement and the Company's provision of Confidential Information, and Executive's agreements regarding the use of same, in order to protect the value of any Confidential Information, the Company and Executive agree to the following provisions (A) against unfair competition, (B) respecting Executive's use of proprietary information and the protection of such information, and (C) the ownership of inventions developed by Executive in the course of Executive's engagement or employment by or relationship with the Company, which Executive acknowledges represent a fair balance of the Company's rights to protect its business and Executive's right to pursue employment.

(b) Noncompetition; Nonsolicitation.

(i) *Noncompetition.* Executive shall not, at any time during the Term, directly or indirectly engage in, have any equity interest in, interview for a potential employment or consulting relationship with or manage, provide services to or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company anywhere in the world. Nothing herein shall prohibit Executive from being a passive owner of not more than two percent (2%) of the outstanding equity interest in any entity that is publicly traded, so long as Executive has no active participation in the business of such entity.

(ii) *Nonsolicitation*. Executive shall not, at any time during the Restriction Period (as defined below), directly or indirectly, recruit or otherwise solicit or induce any customer, subscriber or supplier of the Company to (A) terminate or reduce its arrangement or business with the Company, or (B) to otherwise change its relationship with the Company. Executive shall not,

at any time during the Restriction Period, directly or indirectly, either for Executive or for any other person or entity, (x) solicit any employee or independent contractor of the Company to terminate his or her employment or arrangement with the Company, or (y) employ any such individual during his or her employment or engagement with the Company and for a period of twelve months after such individual terminates his or her employment or engagement with the Company.

(iii) *Blue Penciling*. In the event the terms of this Section 4(b) shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(c) Proprietary Information and Inventions Agreement. Executive and the Company have executed the Company's standard Proprietary Information and Inventions Agreement, which agreement is attached hereto as Exhibit A and incorporated herein by reference (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of his therein contained.

(d) Return of Property. Upon termination of Executive's employment with the Company for any reason, Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents or property concerning the Company's customers, business plans, marketing strategies, products, property or processes.

(e) Non-Disparagement. Each Party (which, in the case of the Company, shall mean its officers and the members of the Board) agrees, during the Term and following the Date of Termination, to refrain from Disparaging (as defined below) the other Party and its affiliates, including, in the case of the Company, any of its services, technologies or practices, or any of its directors, officers, agents, representatives or stockholders, either orally or in writing. Nothing in this paragraph shall preclude any Party from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process, or to defend or enforce a Party's rights under this Agreement. For purposes of this Agreement, "***Disparaging***" means remarks, comments or statements, whether written or oral, that impugn the character, integrity, reputation or abilities of the person or entity being disparaged.

(f) Definitions. As used in this Section 4, (i) the term "***Company***" shall include the Company and its direct and indirect parents and subsidiaries; (ii) the term "***Business***" shall mean the business of the Company, as such business may be expanded or altered by the Company during the Term; and (iii) the term "***Restriction Period***" shall mean the period beginning on the Effective Date and ending on the date that is twelve (12) months following the Date of Termination.

(g) Rights and Remedies Upon Breach. It is recognized and acknowledged by Executive that a breach of the covenants contained in this Section 4 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of a breach of any of the covenants contained in this Section 4, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief. In addition, in the event Executive breaches any of the provisions of this Section 4, the Company shall be entitled to immediately cease all payments under Section 3(d) above.

(h) Acknowledgment by Executive. Executive has carefully read and considered the provisions of this Section 4, and, having done so, agrees that the restrictions set forth in this Section 4, including, but not limited to, the Restriction Period, are fair and reasonable and are reasonably required for the protection of the interests of the Company and its parent or subsidiary corporations, officers, directors, shareholders, and other employees.

5. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any affiliate or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

6. Miscellaneous Provisions.

(a) Governing Law; Venue. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of California without reference to the principles of conflicts of law of the State of California or any other jurisdiction, and where applicable, the laws of the United States. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each Party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(b) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(c) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(i) If to the Company:

Sorrento Therapeutics, Inc.
6042 Cornerstone Ct. West, Suite B
San Diego, CA 92121
Attention: President and Chief Executive Officer
Facsimile: (858) 210-3759

(ii) If to Executive, at the last address that the Company has in its personnel records for Executive; or

(iii) At any other address as any Party shall have specified by notice in writing to the other Party.

(d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(e) Entire Agreement. The terms of this Agreement, together with the Proprietary Information and Inventions Agreement, are intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof and supersede all prior understandings and agreements, whether written or oral, including, without limitation, any offer letter or consulting agreement between the Company and Executive; *however*, Executive hereby reaffirms his obligations under any previous confidentiality, assignment of inventions or noncompetition agreement with the Company and agrees that this Agreement does not supersede or modify any continuing obligations thereunder. The Company shall be entitled to enforce any and all such agreements against Executive to ensure that the Company receives the benefit of all such agreements. To the extent any of such prior confidentiality, assignment of inventions or noncompetition agreements previously entered into by Executive and the Company conflict with the terms of this Agreement, those provisions that are more favorable to the Company shall prevail. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(f) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided*, *however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(g) No Inconsistent Actions. The Parties hereto shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the Parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

(h) Construction. This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to

paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) "and" and "or" are each used both conjunctively and disjunctively; (iii) "any," "all," "each," or "every" means "any and all," and "each and every"; (iv) "includes" and "including" are each "without limitation"; (v) "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(i) Arbitration. Both Executive and the Company agree to submit any and all disputes, controversies, or claims based upon, relating to, or arising from your employment by the Company (other than workers' compensation claims) or the terms, interpretation, performance, breach, or arbitrability of this Agreement to final and binding arbitration before a single neutral arbitrator in San Diego County, California. Subject to the terms of this paragraph, the arbitration proceedings shall be initiated in accordance with, and governed by, the National Rules for the Resolution of Employment Disputes ("***Rules***") of the American Arbitration Association ("***AAA***"). The arbitrator shall be appointed by agreement of the Parties hereto or, if no agreement can be reached, by the AAA pursuant to its Rules. Notwithstanding the Rules, the Parties may take discovery in accordance with Sections 1283.05(a)-(d) of the California Code of Civil Procedure (but not subject to the restrictions of Section 1283.05(e)), and prior to the arbitration hearing the Parties may file, and the arbitrator shall rule on, pre-trial motions such as demurrers and motions for summary judgment (applying the procedural standard embodied in Rule 56 of the Federal Rules of Civil Procedure). The time for filing such motions shall be determined by the arbitrator. The arbitrator will rule on all pre-trial motions at least ten (10) business days prior to the scheduled hearing date. Arbitration may be compelled, the arbitration award shall be enforced, and judgment thereon shall be entered, pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). Each Party shall bear his, her or its own attorneys' fees and costs (including expert witness fees) incurred in connection with the arbitration, unless the arbitrator find that a statutory award of attorneys' fees is appropriate. The Company shall bear AAA's administrative fees and the arbitrator's fees and costs. If either Party is required to compel arbitration of a dispute governed by this paragraph, the Party prevailing in that proceeding shall be entitled to recover from the other Party reasonable costs and attorneys' fees incurred to compel arbitration. This Section 6(i) is intended to be the exclusive method for resolving any and all claims by Executive or the Company against each other for payment of damages under this Agreement or relating to Executive's employment or service; *provided*, *however*, that neither this Agreement nor the submission to arbitration shall limit Executive's or the Company's right to seek provisional relief, including without limitation injunctive relief, in any court of competent jurisdiction. Both Executive and the Company expressly waive their respective rights to a jury trial.

(j) Enforcement. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(k) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(l) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 4 and 6 shall survive any termination of this Agreement.

(m) Section 409A.

(i) *General.* The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "***Section 409A***") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith.

(ii) *Separation from Service.* Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon Executive's termination of employment shall be payable only upon Executive's "separation from service" with the Company within the meaning of Section 409A (a "***Separation from Service***") and, except as provided below, any such compensation or benefits described in Section 4(b) shall not be paid until the fifty-fifth (55th) day following Executive's Separation from Service (the "***First Payment Date***").

(iii) *Specified Employee.* Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(iv) *Expense Reimbursements.* To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Executive shall be paid to Executive no later than December 31 of the calendar year following the calendar year in which the expense was incurred; *provided*, that Executive submits Executive's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one calendar year shall not affect the amount eligible for reimbursement in any subsequent calendar year, other than medical expenses referred to in Section 105(b) of the Code, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) *Installments.* Executive's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

7. Executive Acknowledgement.

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written.

COMPANY

By: /s/ Henry Ji, Ph.D.
Name: Henry Ji, Ph.D.
Title: President and Chief Executive Officer

EXECUTIVE

By: /s/ Richard G. Vincent
Richard G. Vincent

[Signature Page to Rich Vincent Employment Agreement]

EXHIBIT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

[Attached]

SORRENTO THERAPEUTICS, INC.

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

I acknowledge and understand that Sorrento Therapeutics, Inc. is engaged in a continuous program of research and development with respect to its business.

I. DEFINITIONS.

I acknowledge and understand that:

1. Definitions for the capitalized terms used in this Proprietary Information And Inventions Agreement (including the Attachments attached hereto, "**Agreement**") shall have the meanings provided below. Where the context so indicates, a word in the singular form shall include the plural and vice-versa:

   1.1 "**Company**" as used herein, shall mean, collectively, Sorrento Therapeutics, Inc., a Delaware corporation ("**Sorrento**"), and each subsidiary and affiliate of the foregoing, provided that, for purposes of this definition, I shall not be deemed an affiliate of Sorrento.

   1.2 "**Inventions**" as used herein, means all data, discoveries, designs, developments, formulae, ideas, improvements, inventions, know-how, processes, programs, databases, trade secrets and techniques, whether or not patentable or registerable under copyright, trademark or similar statutes, and all designs, trademarks and copyrightable works that I made or conceived or reduced to practice or learned, either alone or jointly with others, during the period of my employment which: (i) are related to or useful in the business of the Company or to the Company's actual or demonstrably anticipated research, design, development, experimental production, financing, manufacturing, licensing, distribution or marketing activity; or (ii) result from tasks assigned me by the Company; or (iii) result from the use of premises or equipment owned, leased or contracted for by the Company.

   1.3 "**Proprietary Information**" shall mean confidential information that has been created, discovered or developed, or has otherwise become known to the Company (including without limitation information created, discovered, developed or made known by or to me during the period of or arising out of my employment by the Company), and/or in which property rights have been assigned or otherwise conveyed to the Company, which information has commercial value in the business in which the Company is engaged or proposes to be engaged. By way of illustration but not limitation, "Proprietary Information" includes: (i) inventions, knowledge, trade secrets, ideas, data, programs, works of authorship, know-how, improvements, discoveries, designs, techniques and sensitive information the Company receives from its customers or

receives from a third party under a confidentiality obligation; (ii) technical information relating to the Company's existing and future products, including, where appropriate and without limitation, manufacturing techniques and procedures, production controls, software, firmware, information, patent disclosures, patent applications, development or experimental work, formulae, engineering or test data, product specification and part lists, names of suppliers, structures, models, techniques, processes and apparatus relating to the same disclosed by the Company to me or obtained by me through observation or examination of information or developments; (iii) marketing information (including without limitation marketing strategies, customer names and requirements and products and services, prices, margins and costs); (iv) future product plans; (v) financial information provided to me by the Company; (vi) personnel information (including without limitation employee compensation); and (vii) other confidential business information.

II. Acknowledgements.

1. My employment creates a relationship of confidence and trust between the Company and me with respect to any information: (i) applicable to the business of the Company; or (ii) applicable to the business of any customer or partner of the Company; or (iii) which the Company is under a contractual obligation to keep confidential which may be made known to me by the Company or by any customer or partner of the Company, or learned by me through my employment with the Company.
2. The Company possesses and will continue to possess Proprietary Information.

III. Agreement.

In consideration of my employment or continued employment by the Company, and the compensation now and hereafter paid to me, I hereby agree as follows:

1. Protection of Proprietary Information.

1.1 Property of the Company. All Proprietary Information shall be the sole property of the Company and its assigns or a third party, as applicable, and the Company and its assigns or such third party shall be the sole owner of all patents and other rights in connection with such Proprietary Information. I hereby irrevocably transfer and assign to the Company any rights I may have or acquire in any or all Proprietary Information. During the term of my employment by the Company and at all times thereafter, I will keep in confidence and trust all Proprietary Information, and I will not directly or indirectly disclose, sell, use, lecture upon or publish any Proprietary Information or anything relating to it without the written consent of the Company, except as may be necessary in the ordinary course of performing my duties as an employee of the Company. I will obtain the Company's prior written approval before publishing or submitting for publication any material that relates to my work at the Company or incorporates any Proprietary Information. My obligations regarding Proprietary Information shall continue until such time as the Proprietary Information is publicly known without fault on my part.

1.2 Property of Third Parties. I recognize that the Company has received and in the future will receive information from third parties, which is private or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree, during the term of my employment and thereafter, to hold all such private or proprietary information received from third parties in the strictest confidence and not to disclose or use it, except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party. My obligations regarding the private or proprietary information of third parties shall continue until such time as such private or proprietary information is publicly known without fault on my part.

2. Avoid Conflict of Interest. During the course of my employment, I shall inform the Company before accepting any employment, consulting or other relationship with another person or entity (i) in any field related to the Company's line of business, or (ii) in a position that requires a significant time commitment. Lack of objection by the Company regarding any particular outside activity does not in any way reduce my obligations under this Agreement.

3. Return of Materials. All apparatus, computers, computer files and media, data, documents, drawings, engineering log books, equipment, inventor notebooks, programs, prototypes, records, samples, equipment and other information and physical property, whether or not pertaining to or constituting Proprietary Information, furnished to me by the Company, or produced by myself or others in connection with my employment, shall be and remain the sole property of the Company and shall be returned promptly to the Company as and when requested by the Company. Should the Company not so request, I shall return and deliver all such property upon termination of my employment, and I will not take with me any such property or any reproduction of such property upon such termination. I further agree that any property situated on the Company's premises and owned by the Company, including computers, computer files, e-mail, voicemail, disks and other electronic storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without cause and with or without notice.

4. Non-Solicitation. I agree that during the term of my employment with the Company and for six (6) months thereafter (the "**Restricted Period**"), I will not, and will not permit any affiliate of mine under my control to, in each case either directly or indirectly, for my own account or otherwise: (i) solicit, induce, or attempt to solicit or induce any employee, consultant or contractor of the Company or any current or former subsidiary or affiliate of the Company (each, an "**Affiliate**") to terminate its employment, consulting or contractual relationship with the Company or any Affiliate; or (ii) take any other action that would reasonably be expected to cause such employee, consultant or contractor of the Company or any Affiliate to terminate his or her employment, consulting or

contractual relationship with the Company or any Affiliate. Further, I acknowledge that I have learned or acquired, and will learn and acquire, Proprietary Information about the Company, and the Company's customers and suppliers. In order to prevent the misuse of such Proprietary Information, I agree that, during the Restricted Period, I will not solicit the business of the Company's customers and/or any customer of a Affiliate (including any people or entities that were customers or suppliers of the Company and/or any Affiliate during the 12-month period prior to the termination of my employment with the Company) for services similar to those performed, or goods similar to those sold, by the Company and/or any Affiliate. I acknowledge that this provision is essential to the Company's business, without which the Company would not have entered into this Agreement.

5. Inventions. I will promptly disclose in confidence to the Company, or to any persons designated by it, any and all Inventions; such disclosure obligations shall continue for twelve (12) months after termination of my employment with respect to any and all Inventions made, conceived, reduced to practice or learned by me before the termination of my employment.

6. Ownership and Protection of Inventions.

6.1 The Company owns Inventions. I agree that any and all Inventions shall be the sole property of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents, trademarks, copyrights and other rights in connection with Inventions.

6.2 Inventions Protection. I hereby irrevocably transfer and assign to the Company any rights I may have or acquire in Inventions. In addition, to the extent permitted by federal copyright law, the parties agree that any works resulting from my work under this Agreement shall be "works for hire" as defined in the federal copyright law. I hereby irrevocably transfer and assign to the Company all of my works of authorship and all worldwide copyrights, trademarks, patents, patent applications, trade secrets and other similar rights ("**Intellectual Property Rights**") in (i) such works to the extent such works result from my employment with the Company or are otherwise provided for under the terms of this Agreement and (ii) any Inventions. I further agree, as to any and all Inventions, to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce Intellectual Property Rights in Inventions in any and all countries. To that end, I will perform any further acts and execute and deliver all documents for use in applying for and obtaining such Intellectual Property Rights therein and enforcing the same, as the Company may desire, together with any assignments of such protections to the Company or persons designated by it. My obligation to assist the Company in obtaining and enforcing Intellectual Property Rights in Inventions in any and all countries shall continue beyond the termination of my employment, but, after such termination, the Company shall compensate me at a reasonable rate for time actually spent by me at the Company's request on such assistance. I acknowledge that I may be

unavailable when the Company needs to secure my signature for lawful and necessary documents required to apply for or execute any Intellectual Property Rights with respect to Inventions (including renewals, extensions, continuations, divisions or continuations in part of patent applications). Therefore, I irrevocably designate and appoint the Company and its duly authorized officers and agents, as my agents and attorneys-in-fact, to act for and in my behalf and instead of me, to execute and file any such application(s) and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trademarks and other protections on Inventions with the same legal force and effect as if executed by me. The Company shall also have the right to keep any and all Inventions as trade secrets.

6.3 Moral Rights. Any assignment of copyright hereunder includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights" (collectively "**Moral Rights**"). To the extent such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, I hereby waive such Moral Rights and consent to any action of the Company that would violate such Moral Rights in the absence of such consent. I will confirm any such waivers and consents from time to time as requested by the Company.

6.4 Maintenance of Records. I agree to keep and maintain adequate and current written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company, and to promptly disclose the same to my immediate supervisor or to any persons designated by the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company, The records will be available to and remain the sole property of the Company at all times.

7. List of Pre-Employment Inventions. I have attached to this Agreement as Attachment A a complete list of all developments, discoveries, improvements, inventions, trade secrets, technical or journal writings or other works of authorship which I have made or conceived or first reduced to practice alone or jointly with others prior to my engagement by the Company which are not subject to a confidentiality agreement that would bar such listing (collectively "**Pre-Employment Inventions**"); and I covenant that such list is complete. If no such list is attached to this Agreement, I represent that I have made no such Pre-Employment Inventions at the time of signing this Agreement. The Company will not require me to assign any rights I may have in any of the listed Pre-Employment Inventions. Furthermore, the listed Pre-Employment Inventions will not be classified as Proprietary Information or Inventions. Notwithstanding the above, if, in the course of my employment with the Company, I incorporate into a Company product, process or machine a Pre-Employment Invention or any other inventions, technical writings, papers, journal articles, developments, improvements, and trade secrets which were made by me prior to my employment with the Company, which are owned by me or in which I have an exclusive interest, the Company is hereby granted and shall have a nonexclusive,

royalty-free, irrevocable, perpetual, worldwide, transferable and sublicensable license to make, have made, modify, use and sell such Pre-Employment Invention as part of or in connection with such product, process or machine. I acknowledge and agree that the Company and its subsidiaries or affiliates are free to compete or develop information, inventions and products within the areas and type of the Pre-Employment Inventions.

8. No Conflicting Obligation. I represent that my performance of all the terms of this Agreement and my employment by the Company does not and will not breach any invention assignment agreement or any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict with this Agreement. I also understand that I am not to breach any obligation of confidentiality I have to others during my employment with the Company.

9. No Improper Use of Information of Prior Employers or Others. As part of the consideration for the offer of employment by the Company and of my employment or continued employment by the Company, I have not brought and will not bring to the Company, or use or disclose in the performance of my responsibilities any equipment, supplies, facility, electronic media, software, trade secret or other information or property of any former employer or any other person or entity which are not generally available to the public, unless I have obtained their written authorization for its possession and use. I further represent, warrant and agree that I have not and will not solicit, induce, recruit or encourage any other individual to leave his or her employment, where I am or should be reasonably aware that such action on my part would breach any agreement I may have with a third party.

10. Notification of New Employer. In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer (or party to which I otherwise provide services) of my rights and obligations under this Agreement.

11. Governing Law Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of California, as such laws are applied to agreements entered into and to be performed entirely within California between California residents. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in San Diego, California for any lawsuit filed there against me by Company arising from or related to this Agreement.

12. Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

13. Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or

unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

14. Term of Employment. I understand that my employment is "at will" and that I or the Company may terminate my employment at any time, for any reason or no reason, with or without cause and with or without notice.

15. Section 2870 Inventions. This Agreement does not apply to an Invention which qualifies fully as a nonassignable Invention under Section 2870 of the California Labor Code (hereinafter "**Section 2870**"). I have reviewed the notification on Attachment B (Limited Exclusion Notification) and agree that my signature acknowledges receipt of the notification.

    15.1 Notwithstanding this Section 15, during the term of my employment, I shall disclose in confidence to the Company any Invention in order to permit the Company to make a determination as to compliance by me with the terms and conditions of this Agreement. I understand that should a dispute arise as to whether a given invention qualifies fully for protection under Section 2870, I bear the burden of proving that the Invention fully qualifies for protection thereunder.

16. Survival of Obligations. This Agreement shall survive termination of my employment, regardless of the circumstances of such termination.

17. Effective Date. This Agreement shall be effective as of the first day of my employment by the Company which is September, 21, 2012.

18. Binding Effect. This Agreement shall be binding upon my heirs, executors, administrators or other legal representatives and shall inure to the benefit of successors and assigns of the Company. The Company may assign any of its rights and obligations under this Agreement. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

19. Entire Agreement. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between us, whether orally or in writing. I hereby reaffirm my obligations under any previous confidentiality, assignment of inventions or noncompetition agreement with the Company and agree that this Agreement does not supersede or modify any continuing obligations thereunder. The Company shall be entitled to enforce any and all such agreements against me to ensure that the Company receives the benefit of all such agreements. To the extent any of such prior confidentiality, assignment of inventions or noncompetition agreements previously entered into by me and the

Company conflict with the terms of this Agreement, those provisions that are more favorable to the Company shall prevail. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

20. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

21. Legal And Equitable Remedies. Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

22. Notices. Any notices required or permitted hereunder shall be given to the appropriate party at the address specified below or at such other address as the party shall specify in writing. Such notice shall be deemed given upon personal delivery to the appropriate address or if sent by certified or registered mail, forty-eight (48) hours after the date of mailing.

23. Attachments. The following Attachments are made a part of and incorporated by reference into this Agreement:

Attachment A: List of Pre-Employment Inventions.

Attachment B: Limited Exclusion Notification required by California Labor Code Section 2872.

[remainder of page intentionally left blank]

I HAVE READ THIS AGREEMENT CAREFULLY AND I UNDERSTAND AND ACCEPT THE OBLIGATIONS WHICH IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ME TO INDUCE ME TO SIGN THIS AGREEMENT. I SIGN THIS AGREEMENT VOLUNTARILY AND FREELY, IN DUPLICATE, WITH THE UNDERSTANDING THAT ONE COUNTERPART WILL BE RETAINED BY THE COMPANY AND THE OTHER COUNTERPART WILL BE RETAINED BY ME.

Date: September 21, 2012

/s/ Richard Vincent
Employee Signature

Richard Vincent
Name (type or print)

Accepted and Agreed to:

SORRENTO THERAPEUTICS, INC.

By: ______________________________

Name: ______________________________

Title: ______________________________

<u>**ATTACHMENT A**</u>

<u>**LIST OF PRE-EMPLOYMENT INVENTIONS**</u>

This List of Pre-Employment Inventions, along with any attached pages, is part of and incorporated by reference into the attached PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT.

The following is a complete list of all developments, discoveries, improvements, inventions, trade secrets, technical or journal writings or other works of authorship, which I have made or conceived or first reduced to practice alone or jointly with others prior to my engagement by the Company which are not subject to a confidentiality agreement that would bar such listing (collectively "**<u>Pre-Employment Inventions</u>**"). I understand that the Company will not require me to assign any rights I may have in any of the listed Pre-Employment Inventions. 1 further understand that the listed Pre-Employment Inventions will not be classified as Proprietary Information or Inventions.

Notwithstanding the above, if, in the course of my employment with the Company, I incorporate into a Company product, process or machine a Pre-Employment Invention or any other inventions, technical writings, papers, journal articles, developments, improvements, and trade secrets which were made by me prior to my employment with the Company, which are owned by me or in which I have an exclusive interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide, transferable and sublicensable license to make, have made, modify, use and sell such Pre-Employment Invention as part of or in connection with such product, process or machine.

I represent that this list of Pre-Employment Inventions is complete.

☒ No Pre-Employment Inventions to report.

☐ See below.

☐ Additional sheets attached.

/s/ Richard Vincent
Name of Employee

September 21, 2012
Date

ATTACHMENT B

LIMITED EXCLUSION NOTIFICATION

THIS IS TO NOTIFY you in accordance with Section 2872 of the California Labor Code that the foregoing Agreement between you and the Company does not require you to assign or offer to assign to the Company any invention that you developed entirely on your own time without using the Company's equipment, supplies, facilities or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

To the extent a provision in the foregoing Agreement purports to require you to assign an invention otherwise excluded from the preceding paragraph, the provision is against the public policy of this state and is unenforceable.

This limited exclusion does not apply to any patent or invention covered by a contract between the Company and the United States or any of its agencies requiring full title to such patent or invention to be in the United States.

I ACKNOWLEDGE RECEIPT of a copy of this notification.

By: /s/ Richard Vincent
(PRINTED NAME OF EMPLOYEE)

Date: September 21, 2012

WITNESSED BY:

____
(PRINTED NAME OF REPRESENTATIVE)

Exhibit 10.3

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement (this "***Amendment***"), dated as of October 18, 2012, but effective as of September 21, 2012, is made by and between Sorrento Therapeutics, Inc., a Delaware corporation (together with any successor thereto, the "***Company***"), and Henry Ji, Ph.D. (the "***Executive***") (collectively referred to herein as the "***Parties***").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement (the "***Original Agreement***") dated as of September 21, 2012.

WHEREAS, the Company and the Executive desire to amend the Original Agreement on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Parties agree as follows:

1. Section 1(c) of the Original Agreement. Section 1(c) of the Original Agreement is hereby amended to read as follows:

(c) Position and Duties. Executive shall serve as President and Chief Executive Officer of the Company with such customary responsibilities, duties and authority normally associated with such position and as may from time to time be assigned to Executive by the Board of Directors of the Company (the "***Board***"), consistent with such position. In the performance of such duties, Executive shall report to the Board. Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Company (which shall include service to its affiliates, if applicable) and shall not engage in outside business activities (including serving on outside boards or committees) without the consent of the Board, provided that Executive shall be permitted to (i) manage Executive's personal, financial and legal affairs, (ii) participate in trade associations, (iii) serve on the board of directors of not-for-profit or tax-exempt charitable organizations, and (iv) continue to perform services for or have continued involvement with those companies with which Executive has a business relationship as of the Effective Date, including BioVintage, Inc. and Hongye SD Group, LLC, in each case, subject to compliance with this Agreement and provided that such activities do not materially interfere with Executive's performance of Executive's duties and responsibilities hereunder. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the Board. Executive agrees to observe and comply with the rules and policies of the Company as adopted by the Company from time to time, in each case as amended from time to time, and as delivered or made available to Executive (each, a "***Policy***").

2. Section 2(a) of the Original Agreement. Section 2(a) of the Original Agreement is hereby amended to read as follows:

(a) Annual Base Salary. Executive shall receive a base salary at a rate of $262,500 per annum (such annual base salary, as it may be adjusted from time to time, the "***Annual Base Salary***"). The Annual Base Salary shall be paid in accordance with the customary payroll practices of the Company. Such Annual Base Salary shall be reviewed (and may be adjusted) from time to time by the Board or an authorized committee of the Board.

3. Section 2(b) of the Original Agreement. Section 2(b) of the Original Agreement is hereby amended to read as follows:

(b) Bonus. Executive will be eligible to participate in an annual incentive program established by the Board or an authorized committee of the Board. Executive's target annual incentive compensation under such incentive program shall be sixty percent (60%) of his Annual Base Salary (the "***Annual Bonus***"). The Annual Bonus payable under the annual incentive program shall be based on the achievement of individual and Company performance goals to be determined in good faith by the Board or an authorized committee of the Board. The payment of each Annual Bonus shall be subject to Executive's continued employment with the Company through the date of payment, and shall be paid between January 1st and March 15th of the calendar year following the calendar year to which it relates.

4. Miscellaneous. This Amendment shall be and is hereby incorporated in and forms a part of the Original Agreement. All other terms and provisions of the Original Agreement shall remain unchanged except as specifically modified herein. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument. This Amendment shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Amendment are not part of the provisions hereof and shall have no force or effect. This Amendment may not be amended or modified otherwise than by a written agreement executed by the Parties hereto or their respective successors and legal representatives.

5. Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement or determined not to do so.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date and year first above written.

COMPANY

By: /s/ Richard G. Vincent
Name: Richard G. Vincent
Title: Chief Financial Officer

EXECUTIVE

/s/ Henry Ji, Ph.D.
Henry Ji, Ph.D.

Exhibit 10.4

FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement (this "***Amendment***"), dated as of October 18, 2012, but effective as of September 21, 2012, is made by and between Sorrento Therapeutics, Inc., a Delaware corporation (together with any successor thereto, the "***Company***"), and Richard G. Vincent (the "***Executive***") (collectively referred to herein as the "***Parties***").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement (the "***Original Agreement***") dated as of September 21, 2012.

WHEREAS, the Company and the Executive desire to amend the Original Agreement on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Parties agree as follows:

1. Section 2(a) of the Original Agreement. Section 2(a) of the Original Agreement is hereby amended to read as follows:

(a) Annual Base Salary. Executive shall receive a base salary at a rate of $280,000 per annum (such annual base salary, as it may be adjusted from time to time, the "***Annual Base Salary***"). The Annual Base Salary shall be paid in accordance with the customary payroll practices of the Company. Such Annual Base Salary shall be reviewed (and may be adjusted) from time to time by the Board or an authorized committee of the Board.

2. Miscellaneous. This Amendment shall be and is hereby incorporated in and forms a part of the Original Agreement. All other terms and provisions of the Original Agreement shall remain unchanged except as specifically modified herein. This Amendment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument. This Amendment shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Amendment are not part of the provisions hereof and shall have no force or effect. This Amendment may not be amended or modified otherwise than by a written agreement executed by the Parties hereto or their respective successors and legal representatives.

3. Right to Advice of Counsel. The Executive acknowledges that he has the right to, and has been advised to, consult with an attorney regarding the execution of this Agreement and any release hereunder; by his signature below, the Executive acknowledges that he understands this right and has either consulted with an attorney regarding the execution of this Agreement or determined not to do so.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date and year first above written.

COMPANY

By: /s/ Henry Ji, Ph.D.
Name: Henry Ji, Ph.D.
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Richard G. Vincent
Richard G. Vincent

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Henry Ji, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sorrento Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2012

By: /s/ Henry Ji, Ph.D.
Henry Ji, Ph.D.
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Richard Glenn Vincent, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sorrento Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2012

By: /s/ Richard Glenn Vincent
Richard Glenn Vincent
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Henry Ji, Principal executive officer of Sorrento Therapeutics, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2012 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: November 8, 2012

By: /s/ Henry Ji, Ph.D.
Henry Ji, Ph.D.
Chief Executive Officer and President
(Principal Executive Officer)

I, Richard Glenn Vincent, Principal financial and accounting officer of Sorrento Therapeutics, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2012 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 8, 2012

By: /s/ Richard Glenn Vincent
Richard Glenn Vincent
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of these certifications has been provided to Sorrento Therapeutics, Inc. and will be retained by Sorrento Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of Sorrento Therapeutics, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.