



Five Prime Therapeutics, Inc.

Audit Committee Charter

I. Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Five Prime Therapeutics, Inc. ("FivePrime") is to assist the Board in fulfilling its oversight responsibilities regarding FivePrime's financial accounting, reporting, and controls. The Committee's principal functions are to:

- assist the Board in its oversight of the integrity of FivePrime's accounting and financial reporting process and the audits of FivePrime's financial statements by FivePrime's independent registered accounting firm (the "Independent Auditors");
- monitor the periodic reviews of the adequacy of the accounting and financial reporting processes and systems of internal control that may be conducted by the Independent Auditors and FivePrime's financial and senior management;
- evaluate FivePrime's compliance with legal and regulatory requirements under applicable securities law;
- interact directly with and evaluate the performance of the Independent Auditors, including engaging or dismissing the Independent Auditors and monitoring the Independent Auditors' qualifications and independence; and
- facilitate communication among the Independent Auditors and FivePrime's financial and senior management and the Board.

This charter (the "Charter") sets forth the authority and responsibility of the Committee in fulfilling its purpose. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that FivePrime's financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP"). This is the responsibility of FivePrime's management and the Independent Auditors.

II. Membership

1. The Committee shall be comprised of three or more independent directors of the Board, with the exact number determined by the Board. A director shall qualify as independent if the Board has affirmatively determined that

such director is independent, consistent with the basic independence criteria set forth in FivePrime's Corporate Governance Guidelines, Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules of the Nasdaq Stock Market ("Nasdaq"). In addition, each member of the Committee must satisfy the following additional requirements:

- no Committee member or immediate family member of such Committee member may be an affiliated person of FivePrime or any of its subsidiaries, as that term is defined by the Securities and Exchange Commission (the "SEC");
 - each Committee member shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member;
 - no Committee member shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from FivePrime or any of its subsidiaries, except (a) fees received as a member of the Committee, the Board or any other Board committee, or (b) fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with FivePrime; provided that such compensation is not contingent in any way on continued service; and
 - no Committee member shall have participated in the preparation of the financial statements of FivePrime or any of its subsidiaries (exclusive of former subsidiaries that are no longer subsidiaries of FivePrime) during the past three years.
2. All members of the Committee must have the ability to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement. In addition, at least one member of the Committee shall be an "audit committee financial expert" within the definition adopted by the SEC, and have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
 3. The members of the Committee, including the chairperson (the "Chair") of the Committee, shall be appointed by the Board. If the Board does not appoint a Chair, the Committee members may designate a Chair by their majority vote. Committee members shall serve for such term or terms as the Board may determine or until earlier resignation or death. Committee

members may be removed from the Committee, with or without cause, by the Board.

III. Meetings and Procedures

1. The Committee shall meet as often as it deems necessary, but in no event less than four times per year. A majority of the members of the Committee shall constitute a quorum.
2. The Committee shall meet separately or together with FivePrime's Chief Executive Officer, Chief Financial Officer (or equivalent) and Controller (or Assistant Controller) (or equivalent) at such times as it deems appropriate to review the financial affairs of FivePrime.
3. The Committee shall meet separately with the Independent Auditors at such times as it deems appropriate, but not less than quarterly.
4. Any member of the Committee or the Board may call a meeting of the Committee.
5. The Chair will set the agenda for Committee meetings and conduct the proceedings of those meetings.
6. The Committee may delegate authority to one or more members of the Committee where appropriate, but no such delegation shall be permitted if the authority is required by law, regulation or applicable listing standards to be exercised by the Committee as a whole.
7. The Committee may request that any directors, officers, or employees of FivePrime, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests.
8. The Committee shall fix its own rules of procedure, which shall be consistent with the bylaws of FivePrime (as may be amended from time to time, the "Bylaws") and this Charter.
9. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

IV. Duties and Responsibilities

The principal duties and responsibilities of the Committee in serving the purposes outlined in Section I of this Charter are set forth below. These duties are set forth as a guide with the understanding that the Committee will carry them out in a manner that is

appropriate given FivePrime's needs and circumstances. The Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

The Committee will:

Financial Statements and Disclosures

1. Review and discuss with management FivePrime's quarterly results and the related earnings press release prior to distribution to the public.
2. Review FivePrime's quarterly and annual financial statements, including any report on FivePrime's internal control over financial reporting.
3. In connection with the Committee's review of the annual financial statements:
 - discuss the financial statements and the results of the Independent Auditors' audit of the financial statements with the Independent Auditors, any internal audit department, and management;
 - discuss any items required to be communicated by the Independent Auditors in accordance with the auditing standards of the Public Company Accounting Oversight Board (the "PCAOB") set forth in PCAOB Auditing Standard No. 16, *Communications with Audit Committees*, and applicable SEC rules and regulations. These discussions should include an overview of the planned scope and timing of the audit, the Independent Auditors' judgments about the quality and appropriateness of FivePrime's accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in FivePrime's financial statements and any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information; and
 - discuss with FivePrime's management and the Independent Auditors FivePrime's selection, application and disclosure of critical accounting policies and practices.
4. In connection with the Committee's review of the quarterly financial statements:
 - discuss with the Independent Auditors and FivePrime's management the results of the Independent Auditors' review of the quarterly financial statements as specified by the PCAOB for a review of interim financial information as described in AU 722, *Interim Financial Information*;

- discuss significant issues, events and transactions and any significant changes regarding accounting principles, practices, policies, judgments or estimates with FivePrime's management and the Independent Auditors; and
 - resolve any disagreements between FivePrime's management and the Independent Auditors regarding financial reporting.
5. Review with management and the Independent Auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in FivePrime's annual report on Form 10-K (or the annual report to stockholders if distributed prior to the filing of Form 10-K) or quarterly report on Form 10-Q prior to the filing of such reports.
 6. Recommend to the Board whether the annual financial statements should be included in FivePrime's Annual Report on Form 10-K.
 7. Prepare a report in accordance with the SEC rules in FivePrime's annual proxy statement.
 8. Oversee compliance with the requirements of the SEC for disclosure of the Independent Auditor's services and Committee members, and their qualifications and activities.
 9. Discuss on a general basis the type of information to be disclosed and type of presentation to be made regarding financial information and earnings guidance to analysts and rating agencies.

Internal Controls

1. Periodically discuss with FivePrime's principal accounting officer the function of FivePrime's disclosure controls and procedures and any disclosure committee that may be established by FivePrime. Discuss with FivePrime's Chief Executive Officer and Chief Financial Officer their conclusions regarding the effectiveness of FivePrime's disclosure controls and procedures.
2. Review and discuss with the Independent Auditors and FivePrime's management any periodic reviews of the adequacy of FivePrime's accounting and financial reporting processes and systems of internal control, including any significant deficiencies and material weaknesses in their design or operation.
3. Review any fraud involving management or any employee of FivePrime with a significant role in FivePrime's internal control over financial reporting that are disclosed to the Committee.

4. Discuss any comments or recommendations of the Independent Auditors outlined in their annual management letter or internal control reports. If appropriate, approve a schedule for implementing any recommended changes and monitor compliance with the schedule.
5. Working with the Nominating and Corporate Governance Committee, establish procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters, the prompt internal reporting of violations of the Code of Business Conduct and Ethics and confidential, anonymous submission by FivePrime's employees of concerns regarding questionable accounting or auditing matters, and any changes therein. Oversee the review of any such complaints and submissions that have been received, including the current status and the resolution if one has been reached.
6. Consider the establishment, and oversee the activities, of any internal audit function within FivePrime.
7. Annually review and assess internal controls and treasury functions including cash management procedures.
8. Review disclosure regarding internal controls required under the SEC rules to be contained in FivePrime's periodic filings with the SEC and any attestations or reports by Independent Auditors relating to such disclosure prior to distribution to the public.

Interaction with the Independent Auditor

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the Independent Auditor (including resolution of any disagreements between FivePrime's management and the Independent Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for FivePrime, and the Independent Auditor shall report directly to the Committee.
2. Approve the fees and other compensation to be paid to the Independent Auditor and pre-approve non-audit services provided by the Independent Auditor before the Independent Auditor is engaged by FivePrime or its subsidiaries to render non-audit services. The Committee may establish pre-approval policies and procedures for the engagement of the Independent Auditors to render services to FivePrime, including without limitation policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approval decision is reported to the Committee at its next scheduled meeting. The Committee shall receive certain disclosure, documentation and discussion of non-prohibited tax services by the Independent Auditors based on

PCAOB Rule 3524, *Audit Committee Pre-Approval of Certain Tax Services*, or any successor rule.

3. Obtain and review, at least annually, a formal, written report by the Independent Auditors describing all relationships between the auditing firm and FivePrime in order to assess the firm's independence, consistent with the rules of the PCAOB and other regulatory authorities. The Committee shall actively engage in a dialogue with the Independent Auditor regarding any disclosed relationships or services that may impact the objectivity and independence of the Independent Auditor.
4. Meet with the Independent Auditors prior to initiation of the audit to discuss the planning and staffing of the audit, including the impact of applicable rotation requirements and other independence rules on the staffing of the audit.
5. Review and discuss quarterly with the Independent Auditors the reports prepared by the Independent Auditors and provided to the Committee relating to the communications required under PCAOB Auditing Standard No. 16, *Communications with Audit Committees*, and applicable SEC rules and regulations.
6. Meet with management, the Independent Auditor and the internal auditor in connection with results of the Independent Auditor's audit of the financial statements, review of the internal auditor's performance and procedures to be followed.
7. Conduct an annual evaluation of the Independent Auditors' performance and their independence, including considering whether the Independent Auditors' quality controls are adequate.

General

1. Review all related-party transactions (as defined as those transactions required to be disclosed under Item 404 of Regulation S-K) on an ongoing basis and approve all such transactions if not previously approved by another independent committee of the Board.
2. Discuss with management and the Independent Auditor any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding FivePrime's financial statements, financial reporting process, accounting policies or internal audit function.
3. Discuss with FivePrime's General Counsel, if one is appointed, or outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on FivePrime's financial statements.

4. Oversee and discuss with management, at least annually, FivePrime's policies with respect to risk assessment and risk management. The Committee shall oversee and discuss with management FivePrime's significant financial and operational risk exposures, including but not limited to accounting matters, liquidity and credit risks, corporate tax positions, insurance coverage, and cash investment strategy and results, and the actions management has taken to limit, monitor or control such exposures.
5. Set clear hiring policies for employees or former employees of FivePrime's Independent Auditor.
6. Consider waivers of the Code of Business Conduct and Ethics (other than transactions that are subject to review by the Board as a whole or any other committee of the Board), including waivers requested for executive officers and directors (other than where the potential waiver involves a member of the Committee, in which event, such waiver shall be subject to the review of the Board), and retain authority to grant any such waivers.

V. Studies and Advisors

The Committee, in discharging its responsibilities, may conduct, direct, supervise or authorize studies of, or investigations into, matters within the Committee's scope of responsibility, with full access to all books, records, facilities and personnel of FivePrime. The Committee has the sole authority and right, at the expense of FivePrime, to retain independent legal counsel and other consultants, accountants, experts and advisers of its choice to assist the Committee in connection with its functions, including any studies or investigations. The Committee will have the sole authority to approve the fees and other retention terms of such advisers. FivePrime will provide for appropriate funding, as determined by the Committee, for:

- payment of reasonable compensation to any Independent Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for FivePrime;
- payment of reasonable compensation to any independent legal counsel and other consultants, accountants, experts and advisers retained by the Committee; and
- ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its functions.

VI. Minutes and Reports

The Committee will maintain written minutes of its meetings and copies of its actions by written consent, and will cause such minutes and copies of written consents to be filed with the minutes of the meetings of the Board. The Committee shall report

regularly to the Board regarding its actions and make recommendations to the Board as appropriate.

VII. Delegation of Duties

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, but only to the extent consistent with FivePrime's certificate of incorporation, Bylaws, Corporate Governance Guidelines, Nasdaq rules and other applicable law.

VIII. Review of Committee Composition, Performance and Charter

The Committee will evaluate its own composition and performance on an annual basis, including its compliance with this Charter. The Committee shall conduct this evaluation in such manner as it deems appropriate. Additionally, the Committee will also review and reassess the adequacy of this Charter at least annually, and recommend to the Board any changes the Committee determines are appropriate.

IX. Publication

FivePrime shall make this Charter freely available to stockholders on request and, provided that FivePrime is subject to the periodic reporting requirements of the 1934 Act, shall publish it on FivePrime's website.

As adopted June 10, 2013