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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2013

OR

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

Commission File Number: 000-15006

**CELLDEX THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**No. 13-3191702**  
(I.R.S. Employer Identification No.)

**119 Fourth Avenue, Needham, Massachusetts 02494**  
(Address of principal executive offices) (Zip Code)

**(781) 433-0771**  
(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 filer, 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

As of April 24, 2013, 80,870,320 shares of common stock, \$.001 par value per share, were outstanding.

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**CELLEX THERAPEUTICS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

(In thousands, except share and per share amounts)

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 75,627	\$ 24,897
Marketable Securities	106,750	59,065
Accounts and Other Receivables	104	44
Prepaid and Other Current Assets	1,972	1,108
Total Current Assets	<u>184,453</u>	<u>85,114</u>
Property and Equipment, Net	7,131	7,205
Intangible Assets, Net	23,580	23,833
Other Assets	236	424
Goodwill	8,965	8,965
Total Assets	<u>\$ 224,365</u>	<u>\$ 125,541</u>
<b>LIABILITIES AND STOCKHOLDERS’ EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$ 2,451	\$ 745
Accrued Expenses	9,692	10,960
Current Portion of Long-Term Liabilities	557	388
Current Portion of Term Loan	5,630	5,592
Total Current Liabilities	<u>18,330</u>	<u>17,685</u>
Term Loan, less Current Portion	4,426	5,746
Other Long-Term Liabilities	6,668	6,336
Total Liabilities	<u>29,424</u>	<u>29,767</u>
Commitments and Contingent Liabilities (Note 13)		
Stockholders’ Equity:		
Convertible Preferred Stock, \$.01 Par Value; 3,000,000 Shares Authorized; No Shares Issued and Outstanding at March 31, 2013 and December 31, 2012	—	—
Common Stock, \$.001 Par Value; 297,000,000 Shares Authorized; 80,870,320 and 64,359,513	81	64

Shares Issued and Outstanding at March 31, 2013 and December 31, 2012, respectively		
Additional Paid-In Capital	473,632	357,094
Accumulated Other Comprehensive Income	2,689	2,745
Accumulated Deficit	(281,461)	(264,129)
Total Stockholders' Equity	194,941	95,774
Total Liabilities and Stockholders' Equity	\$ 224,365	\$ 125,541

See accompanying notes to unaudited condensed consolidated financial statements

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**CELLDEX THERAPEUTICS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(Unaudited)**

(In thousands, except per share amounts)

	Three Months Ended	
	March 31, 2013	March 31, 2012
<b>REVENUE:</b>		
Product Development and Licensing Agreements	\$ 30	\$ 35
Contracts and Grants	50	54
Product Royalties	2,334	2,344
Total Revenue	<u>2,414</u>	<u>2,433</u>
<b>OPERATING EXPENSE:</b>		
Research and Development	14,090	10,769
Royalty	2,334	2,344
General and Administrative	3,138	2,317
Amortization of Acquired Intangible Assets	253	291
Total Operating Expense	<u>19,815</u>	<u>15,721</u>
Operating Loss	(17,401)	(13,288)
Investment and Other Income, Net	379	205
Interest Expense	(310)	(433)
Net Loss	<u>\$ (17,332)</u>	<u>\$ (13,516)</u>
Basic and Diluted Net Loss Per Common Share (Note 3)	<u>\$ (0.23)</u>	<u>\$ (0.27)</u>
Shares Used in Calculating Basic and Diluted Net Loss per Share (Note 3)	<u>74,027</u>	<u>50,145</u>
<b>COMPREHENSIVE LOSS:</b>		
Net Loss	\$ (17,332)	\$ (13,516)
Other Comprehensive (Loss) Income:		
Foreign Currency Translation Adjustments	(2)	2
Unrealized (Loss) Gain on Marketable Securities	(54)	108
Comprehensive Loss	<u>\$ (17,388)</u>	<u>\$ (13,406)</u>

See accompanying notes to unaudited condensed consolidated financial statements

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**CELLDEX THERAPEUTICS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

(In thousands)

	Three Months Ended	
	March 31, 2013	March 31, 2012
<b>Cash Flows from Operating Activities:</b>		
Net Loss	\$ (17,332)	\$ (13,516)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization	468	544
Amortization of Intangible Assets	253	291
Amortization and Premium of Marketable Securities	(1,324)	(373)
Realized Gain on Sales and Maturities of Marketable Securities	—	(4)
Loss on Sales or Disposal of Assets	—	23
Stock-Based Compensation Expense	708	641

Non-Cash Interest Expense	56	57
<b>Changes in Operating Assets and Liabilities:</b>		
Accounts and Other Receivables	(60)	30
Prepaid and Other Current Assets	(879)	(672)
Other Assets	188	(131)
Accounts Payable and Accrued Expenses	206	(1,049)
Other Liabilities	516	606
Net Cash Used in Operating Activities	<u>(17,200)</u>	<u>(13,553)</u>
<b>Cash Flows from Investing Activities:</b>		
Sales and Maturities of Marketable Securities	7,394	5,912
Purchases of Marketable Securities	(53,809)	(33,388)
Acquisition of Property and Equipment	(162)	(42)
Proceeds from Sales or Disposal of Assets	—	11
Net Cash Used in Investing Activities	<u>(46,577)</u>	<u>(27,507)</u>
<b>Cash Flows from Financing Activities:</b>		
Net Proceeds from Stock Issuances	114,187	51,929
Proceeds from Issuance of Stock from Employee Benefit Plans	1,660	—
Payments of Term Loan	(1,323)	—
Payments of Other Liabilities	(15)	(15)
Net Cash Provided by Financing Activities	<u>114,509</u>	<u>51,914</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>(2)</u>	<u>2</u>
Net Increase in Cash and Cash Equivalents	50,730	10,856
Cash and Cash Equivalents at Beginning of Period	24,897	11,899
Cash and Cash Equivalents at End of Period	<u>\$ 75,627</u>	<u>\$ 22,755</u>

See accompanying notes to unaudited condensed consolidated financial statements

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**CELLDEX THERAPEUTICS, INC.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**March 31, 2013**

**(1) Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared by Celldex Therapeutics, Inc. (the “Company” or “Celldex”) in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and reflect the operations of the Company and its wholly-owned subsidiary. All intercompany transactions have been eliminated in consolidation.

These interim financial statements do not include all the information and footnotes required by U.S. GAAP for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2012, which are included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 8, 2013. In the opinion of management, the interim financial statements reflect all normal recurring adjustments necessary to fairly state the Company’s financial position and results of operations for the interim periods presented. The year-end consolidated balance sheet data presented for comparative purposes was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for any future interim period or the fiscal year ending December 31, 2013.

At March 31, 2013, the Company had cash, cash equivalents and marketable securities of \$182.4 million; working capital of \$166.1 million; and a Term Loan balance of \$10.1 million. The Company incurred a loss of \$17.3 million for the three months ended March 31, 2013. Net cash used in operations for the three months ended March 31, 2013 was \$17.2 million. The Company believes that the cash, cash equivalents and marketable securities at March 31, 2013 will be sufficient to meet estimated working capital requirements and fund planned operations for at least the next twelve months.

During the next twelve months, the Company may take further steps to raise additional capital to meet its long-term liquidity needs. These capital raising activities may include, but may not be limited to, one or more of the following: the licensing of technology programs with existing or new collaborative partners, possible business combinations, issuance of debt, or the issuance of common stock or other securities via private placements or public offerings. While the Company continues to seek capital through a number of means, there can be no assurance that additional financing will be available on acceptable terms, if at all, and the Company’s negotiating position in capital-raising efforts may worsen as existing resources are used. There is also no assurance that the Company will be able to enter into further collaborative relationships. Additional equity financing may be dilutive to the Company’s stockholders; debt financing, if available, may involve significant cash payment obligations and covenants that restrict the Company’s ability to operate as a business; and licensing or strategic collaborations may result in royalties or other terms which reduce the Company’s economic potential from products under development.

**(2) Significant Accounting Policies**

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three months ended March 31, 2013 are consistent with those discussed in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended

*Recent Accounting Pronouncements*

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on the Company’s financial position or results of operations upon adoption.

In January 2013, the Company adopted a new U.S. GAAP accounting standard which amended guidance applicable to annual impairment tests of indefinite-lived intangible assets. The amended guidance added an optional qualitative assessment for determining whether an indefinite-lived intangible asset is impaired. Prior to this guidance, companies were required to perform an annual impairment test that included a calculation of the fair value of the asset and a comparison of that fair value with its carrying value. If the carrying value exceeded the fair value, an impairment was recorded. The amended guidance allows a company the option to perform a qualitative assessment, considering both negative and positive evidence, regarding the potential impairment of the

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indefinite-lived intangible asset. If, based on the qualitative analysis, the company determines that it is more likely than not that the fair value of such an asset exceeds its carrying value, the company would be permitted to conclude that the indefinite-lived intangible asset was not impaired without a quantitative calculation of the fair value of the asset. Otherwise, the company would perform the quantitative calculation of the fair value and the comparison with the carrying value. The Company’s adoption of this new standard did not have a material effect on its operating results or financial position.

**(3) Net Loss Per Share**

Basic net loss per common share is based upon the weighted-average number of common shares outstanding during the period, excluding restricted stock that has been issued but is not yet vested. Diluted net loss per common share is based upon the weighted-average number of common shares outstanding during the period plus additional weighted-average potentially dilutive common shares outstanding during the period when the effect is dilutive. The potentially dilutive common shares that have not been included in the net loss per common share calculations because the effect would have been anti-dilutive are as follows:

	As of March 31,	
	2013	2012
Stock options	5,085,309	4,311,999
Restricted stock	3,000	3,000
	5,088,309	4,314,999

**(4) Comprehensive Loss**

In January 2013, the Company adopted a new U.S. GAAP accounting standard which requires the Company to separately disclose, on a prospective basis, the change in each component of other comprehensive income (loss) relating to reclassification adjustments and current period other comprehensive income (loss). As the new guidance relates to presentation only, the adoption did not have a material impact on the Company’s results of operations, financial position or cash flows. No amounts were reclassified out of accumulated other comprehensive income during the three months ended March 31, 2013. The changes in accumulated other comprehensive income (loss) by component for the three months ended March 31, 2013 are summarized below.

	Unrealized Gain (Loss) on Marketable Securities, net of tax		Foreign Currency Items (In thousands)		Total
	\$	\$	\$	\$	
Balance at December 31, 2012	\$ 156	\$ 2,589	\$ 2,745		\$ 2,745
Other comprehensive income (loss) before reclassifications	(54)	(2)	(56)		(56)
Amounts reclassified from other comprehensive income	—	—	—		—
Net current-period other comprehensive income	(54)	(2)	(56)		(56)
Balance at March 31, 2013	\$ 102	\$ 2,587	\$ 2,689		\$ 2,689

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The following tables set forth the Company’s financial assets subject to fair value measurements:

	As of March 31, 2013			
	Level 1	Level 2	Level 3	
	(In thousands)			
Money market funds and cash equivalents	\$ 75,552	\$ 75,552	\$ —	\$ —
Marketable securities	106,750	—	106,750	—
	\$ 182,302	\$ 75,552	\$ 106,750	\$ —

	As of December 31, 2012			
	Level 1	Level 2	Level 3	
	(In thousands)			
Money market funds and cash equivalents	\$ 18,688	\$ 18,688	\$ —	\$ —
Marketable securities	59,065	—	59,065	—

There have been no transfers of assets or liabilities between the fair value measurement classifications. The Company's financial instruments consist mainly of cash and cash equivalents, marketable securities, short-term accounts receivable, accounts payable and debt obligations. The Company values its marketable securities utilizing independent pricing services which normally derive security prices from recently reported trades for identical or similar securities, making adjustments based on significant observable transactions. At each balance sheet date, observable market inputs may include trade information, broker or dealer quotes, bids, offers or a combination of these data sources. Short-term accounts receivable and accounts payable are reflected in the accompanying consolidated financial statements at cost, which approximates fair value due to the short-term nature of these instruments. Our Term Loan is valued based on level 2 inputs. Based on these calculations, the fair value approximates the carrying value of the Term Loan and note payable at March 31, 2013.

## (6) Marketable Securities

A summary of marketable securities is shown below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
<b>March 31, 2013</b>				
Marketable securities				
U.S. government and municipal obligations				
Maturing in one year or less	\$ 21,016	\$ 30	\$ —	\$ 21,046
Maturing after one year through three years	17,470	84	1	17,553
Total U.S. government and municipal obligations	\$ 38,486	\$ 114	\$ 1	\$ 38,599
Corporate debt securities				
Maturing in one year or less	\$ 23,909	\$ 24	\$ 10	\$ 23,923
Maturing after one year through three years	44,253	6	31	44,228
Total corporate debt securities	\$ 68,162	\$ 30	\$ 41	\$ 68,151
<b>Total marketable securities</b>	<b>\$ 106,648</b>	<b>\$ 144</b>	<b>\$ 42</b>	<b>\$ 106,750</b>
<b>December 31, 2012</b>				
Marketable securities				
U.S. government and municipal obligations				
Maturing in one year or less	\$ 15,566	\$ 28	\$ —	\$ 15,594
Maturing after one year through three years	19,797	99	1	19,895
Total U.S. government and municipal obligations	\$ 35,363	\$ 127	\$ 1	\$ 35,489
Corporate debt securities				
Maturing in one year or less	\$ 17,353	\$ 23	\$ 4	\$ 17,372
Maturing after one year through three years	6,193	14	3	6,204
Total corporate debt securities	\$ 23,546	\$ 37	\$ 7	\$ 23,576
<b>Total marketable securities</b>	<b>\$ 58,909</b>	<b>\$ 164</b>	<b>\$ 8</b>	<b>\$ 59,065</b>

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The marketable securities held by the Company were high investment grade and there were no marketable securities that the Company considered to be other-than-temporarily impaired as of March 31, 2013.

## (7) Intangible Assets and Goodwill

Intangible assets, net of accumulated amortization, and goodwill are as follows:

	Estimated Life	March 31, 2013			December 31, 2012		
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
(In thousands)							
Intangible Assets:							
IPR&D	Indefinite	\$ 11,800	\$ —	\$ 11,800	\$ 11,800	\$ —	\$ 11,800
Amgen Amendment	16 years	14,500	(3,139)	11,361	14,500	(2,915)	11,585
Core Technology	11 years	1,296	(877)	419	1,296	(848)	448
<b>Total Intangible Assets</b>		<b>\$ 27,596</b>	<b>\$ (4,016)</b>	<b>\$ 23,580</b>	<b>\$ 27,596</b>	<b>\$ (3,763)</b>	<b>\$ 23,833</b>
Goodwill	Indefinite	\$ 8,965	\$ —	\$ 8,965	\$ 8,965	\$ —	\$ 8,965

The IPR&D intangible asset was recorded in connection with the acquisition of CuraGen and relates to the development of CDX-011. At the date of acquisition, CDX-011 had not yet reached technological feasibility nor did it have any alternative future use. The Company recently completed a randomized Phase 2b study of CDX-011 for the treatment of advanced breast cancer.

## (8) Term Loan

The Term Loan accrues interest at a fixed annual interest rate equal to the greater of (i) the sum of (A) the LIBOR Rate (as defined in the Loan Agreement) plus (B) 6.25%; or (ii) a minimum rate of 9.50%. In March 2012, the Company amended the Loan Agreement to extend the maturity date from December 2013 to December 2014 in return for an upfront fee of \$25,000 and an additional fee of \$37,500 (the "Final Payment Fee") due upon repayment of the Term Loan in full. Interest on the Term Loan is payable monthly and principal is due, as amended, in equal consecutive monthly installments. All unpaid principal and accrued interest with respect to the Term Loan is due and payable on the earlier of (A) December 30, 2014 or (B) the date that the Term Loan

otherwise becomes due and payable under the terms of the Loan Agreement. The Company may prepay all, but not less than all, of the Term Loan subject to a prepayment premium of 1% in year three of the Term Loan. There is no prepayment premium if the loan is paid off early in year four. The Company is also obligated to make a payment fee of \$0.5 million (the "Payment Fee") upon the earlier of (A) December 30, 2013 or (B) upon repayment of the Term Loan in full prior to December 30, 2013. The Company is accreting the Payment Fee ratably over the original term of the Term Loan to interest expense. Interest expense on the Term Loan including the accretion of the Payment Fee and Final Payment Fee and amortization of the deferred financing costs was \$0.3 million and \$0.4 million for the three months ended March 31, 2013 and 2012, respectively.

The obligations of the Company under the Loan Agreement are collateralized by a first priority lien upon and security interest in substantially all of the Company's existing and after-acquired assets, excluding its intellectual property assets. Under the Loan Agreement, the Company is subject to specified affirmative and negative covenants customary for financings of this type. The Loan Agreement provides that, upon the occurrence of certain specified events of default customary for financings of this type, the Company's obligations under the Loan Agreement may be automatically accelerated, whereupon the Company's obligations under the Loan Agreement shall be immediately due and payable. At March 31, 2013, the Company believes it is in compliance with the Loan Agreement.

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**(9) Other Long-Term Liabilities**

Other long-term liabilities include the following:

	March 31, 2013	December 31, 2012
	(In thousands)	
Deferred Rent	\$ 434	\$ 434
Net Deferred Tax Liability related to IPR&D	4,661	4,661
Deferred Income from Sale of Tax Benefits	1,630	1,118
Loan Payable	457	472
Other	43	39
Total	7,225	6,724
Less Current Portion	(557)	(388)
Long-Term Portion	\$ 6,668	\$ 6,336

In January 2013, 2012 and 2011, the Company received approval from the New Jersey Economic Development Authority and agreed to sell New Jersey tax benefits worth \$0.8 million, \$0.8 million and \$0.6 million to an independent third party for \$0.8 million, \$0.7 million and \$0.5 million, respectively. Under the agreement, the Company must maintain a base of operations in New Jersey for five years or the tax benefits must be paid back on a pro-rata basis based on the number of years completed. During the three months ended March 31, 2013 and 2012, the Company recorded \$0.2 million and \$0.1 million to other income related to the sale of these tax benefits, respectively.

**(10) Stockholders' Equity**

In January 2011, the Company entered into a controlled equity offering sales agreement (the "Cantor Agreement") with Cantor Fitzgerald & Co. pursuant to which the Company could issue and sell up to 5,000,000 shares of its common stock from time to time through Cantor, acting as agent. During the three months ended March 31, 2012, the Company issued 2,450,000 shares of common stock under the Cantor Agreement and raised \$8.5 million in net proceeds.

In September 2012, the Company and Cantor amended the Cantor Agreement (the "Cantor Amendment") to allow the Company to issue and sell additional shares of its common stock having an aggregate offering price of up to \$44.0 million. Under the Cantor Amendment, the Company will pay Cantor a fixed commission rate of 3.0% of the gross sales price per share of any common stock sold through Cantor. The Cantor Amendment terminates upon ten day notice by either Cantor or the Company. During the three months ended March 31, 2013, the Company issued 2,433,608 shares under the Cantor Amendment and raised \$17.1 million in net proceeds. At March 31, 2013, the Company had \$4.4 million remaining in aggregate offering price available under the Cantor Amendment which may be sold upon the expiration of the 90-day lock-up with the underwriters of the Company's underwritten public offering in February 2013.

During the three months ended March 31, 2012, the Company issued 12,075,000 shares of its common stock in an underwritten public offering, including the underwriter's exercise of their full over-allotment option to purchase an additional 1,575,000 shares of common stock. The net proceeds to the Company were \$43.4 million, after deducting underwriting fees and offering expenses.

During the three months ended March 31, 2013, the Company issued 13,800,000 shares of its common stock in an underwritten public offering, including the underwriter's exercise of their full over-allotment option to purchase an additional 1,800,000 shares of common stock. The net proceeds to the Company were \$97.0 million, after deducting underwriting fees and offering expenses.

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**(11) Stock-Based Compensation**

A summary of stock option activity for the three months ended March 31, 2013 is as follows:

Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In Years)

Options Outstanding at December 31, 2012	5,349,810	\$	5.98	7.0
Granted	16,500	\$	11.96	
Exercised	(275,251)	\$	6.00	
Canceled	(5,750)	\$	4.34	
Options Outstanding at March 31, 2013	<u>5,085,309</u>	\$	6.00	6.8
Options Vested and Expected to Vest at March 31, 2013	5,039,443	\$	6.01	6.7
Options Exercisable at March 31, 2013	3,158,304	\$	6.68	5.5
Shares Available for Grant under the 2008 Plan	3,341,331			

The weighted average grant-date fair value of stock options granted during the three months ended March 31, 2013 was \$7.64. Stock-based compensation expense for the three months ended March 31, 2013 and 2012 was recorded as follows:

	Three months ended March 31,	
	2013	2012
	(In thousands)	
Research and development	\$ 441	\$ 396
General and administrative	267	245
Total stock-based compensation expense	<u>\$ 708</u>	<u>\$ 641</u>

The fair values of employee stock options granted during the three months ended March 31, 2013 and 2012 were valued using the Black-Scholes option-pricing model with the following assumptions:

	Three months ended March 31,	
	2013	2012
Expected stock price volatility	72%	70%
Expected option term	6.0 Years	6.0 Years
Risk-free interest rate	1.4%	1.4%
Expected dividend yield	None	None

## (12) Income Taxes

Massachusetts, New Jersey and Connecticut are the three states in which the Company primarily operates or has operated and has income tax nexus. The Company is not currently under examination by any jurisdictions for any tax year.

The Company has evaluated the positive and negative evidence bearing upon the realizability of its net deferred tax assets, which are comprised principally of net operating loss carryforwards, capitalized R&D expenditures and R&D tax credit carryforwards. The Company has determined that it is more likely than not that it will not recognize the benefits of federal and state deferred tax assets and, as a result, a full valuation allowance was maintained at March 31, 2013 and December 31, 2012 against the Company's net deferred tax assets.

## (13) Commitments and Contingent Liabilities

Except as set forth below, the significant commitments and contingencies at March 31, 2013 are consistent with those disclosed in Notes 13 and 15 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.

On May 1, 2013, the Company entered into a lease agreement (the "Lease") with Crown Perryville, LLC., as Landlord, pursuant to which the Company will lease approximately 33,000 square feet of office space in Hampton, New Jersey for use as an office and laboratory. The Lease has a five-year, five-month term which will commence on the later of November 15, 2013 or the date on which the alterations are substantially complete and a Certificate of Occupancy is issued. The Company's obligation to pay rent commences five months after the lease commencement date. The annual rent obligations increase from \$0.4 million in the first year to \$0.5 million in the fifth year. The Lease includes two renewal options of five years each.

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

**Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:** This report on Form 10-Q contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "can," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "seek," "estimate," "continue," "plan," "point to," "project," "predict," "could," "intend," "target," "potential" and other similar words and expressions of the future.

There are a number of important factors that could cause the actual results to differ materially from those expressed in any forward-looking statement made by us. These factors include, but are not limited to:

- our ability to successfully complete research and further development, including animal, preclinical and clinical studies, and commercialization of rindopepimut, CDX-011, and other drug candidates and the growth of the markets for those drug candidates;
- our ability to raise sufficient capital to fund our clinical studies and to meet our long-term liquidity needs, on terms acceptable to us, or at all. If we are unable to raise the funds necessary to meet our long-term liquidity needs, we may have to delay or discontinue the development of one or more programs, discontinue or delay on-going or anticipated clinical trials, license out programs earlier than expected, raise funds at significant discount or on other unfavorable terms, if at all, or sell all or part of our business;



- our ability to manage multiple clinical trials for a variety of drug candidates at different stages of development, including our Phase 3 trial for rindopepimut;
- the cost, timing, scope and results of ongoing safety and efficacy trials of rindopepimut, CDX-011, and other preclinical and clinical testing;
- our ability to fund and complete the development and commercialization of rindopepimut for North America internally;
- the ability to negotiate strategic partnerships, where appropriate, for our programs which may include rindopepimut outside North America;
- our ability to adapt our proprietary antibody-targeted technology, or APC Targeting Technology™, to develop new, safe and effective therapeutics for oncology and infectious disease indications;
- our ability to develop technological capabilities and expand our focus to broader markets for targeted immunotherapeutics;
- the availability, cost, delivery and quality of clinical and commercial grade materials produced by our own manufacturing facility or supplied by contract manufacturers and partners;
- the availability, cost, delivery and quality of clinical management services provided by our clinical research organization partners;
- the timing, cost and uncertainty of obtaining regulatory approvals for our drug candidates;
- our ability to develop and commercialize products before competitors that are superior to the alternatives developed by such competitors;
- the validity of our patents and our ability to avoid intellectual property litigation, which can be costly and divert management time and attention; and

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- the factors listed under the headings “Business,” “Risk Factors” and Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s annual report on Form 10-K for the year ended December 31, 2012 and other reports that we file with the Securities and Exchange Commission.

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this report or the date of the document incorporated by reference into this report. We have no obligation, and expressly disclaim any obligation, to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise. We have expressed our expectations, beliefs and projections in good faith and we believe they have a reasonable basis. However, we cannot assure you that our expectations, beliefs or projections will result or be achieved or accomplished.

## OVERVIEW

We are a biopharmaceutical company focused on the development and commercialization of several immunotherapy technologies for the treatment of cancer and other difficult-to-treat diseases. Our drug candidates are derived from a broad set of complementary technologies which have the ability to utilize the human immune system and enable the creation of therapeutic agents. We are using these technologies to develop targeted immunotherapeutics comprised of antibodies, adjuvants and monotherapies and antibody-drug conjugates that prevent or treat cancer and other diseases that modify undesirable activity by the body’s own proteins or cells.

Our lead drug candidates include rindopepimut (CDX-110), a targeted immunotherapeutic in a pivotal Phase 3 study for the treatment of front-line glioblastoma and a Phase 2 study for the treatment of recurrent glioblastoma and CDX-011, an antibody-drug conjugate which recently completed a randomized Phase 2b study for the treatment of advanced breast cancer. In addition, we have a number of earlier stage candidates in clinical development, including CDX-1135, a molecule that inhibits a part of the immune system called the complement system, CDX-1127, a therapeutic fully human monoclonal antibody for cancer indications, CDX-301, an immune cell mobilizing agent and dendritic cell growth factor and CDX-1401, an APC Targeting Technology™ program for cancer indications. Our drug candidates address market opportunities for which we believe current therapies are inadequate or non-existent.

We are building a fully integrated, commercial-stage biopharmaceutical company that develops important therapies for patients with unmet medical needs. Our program assets provide us with the strategic options to either retain full economic rights to our innovative therapies or seek favorable economic terms through advantageous commercial partnerships. This approach allows us to maximize the overall value of our technology and product portfolio while best ensuring the expeditious development of each individual product.

The following table includes the programs that we currently believe are significant to our business:

Product (generic)	Indication/Field	Partner	Status
<b>CLINICAL</b>			
CDX-110 (rindopepimut)	Front-line glioblastoma	—	Phase 3
CDX-011 (glembatumumab vedotin)	Metastatic breast cancer and melanoma	—	Phase 2b
CDX-110 (rindopepimut)	Recurrent glioblastoma	—	Phase 2
CDX-1135	Renal disease	—	Pilot
CDX-1127	Lymphoma/leukemia and solid tumors	—	Phase 1
CDX-301	Cancer, autoimmune disease and transplant	—	Phase 1
CDX-1401	Multiple solid tumors	—	Phase 1
<b>PRECLINICAL</b>			
CDX-014	Ovarian and renal cancer	—	Preclinical

The expenditures that will be necessary to execute our business plan are subject to numerous uncertainties. Completion of clinical trials may take several years or more, and the length of time generally varies substantially according to the type, complexity, novelty and intended use of a product candidate. It is not unusual for the clinical development of these types of product candidates to each take five years or more, and for total development costs to exceed \$100 million for each product candidate. We estimate that clinical trials of the type we generally conduct are typically completed over the following timelines:

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Clinical Phase	Estimated Completion Period
Phase 1	1 - 2 Years
Phase 2	1 - 5 Years
Phase 3	1 - 5 Years

The duration and the cost of clinical trials may vary significantly over the life of a project as a result of differences arising during the clinical trial protocol, including, among others, the following:

- the number of patients that ultimately participate in the trial;
- the duration of patient follow-up that seems appropriate in view of results;
- the number of clinical sites included in the trials;
- the length of time required to enroll suitable patient subjects; and
- the efficacy and safety profile of the product candidate.

We test potential product candidates in numerous preclinical studies for safety, toxicology and immunogenicity. We may then conduct multiple clinical trials for each product candidate. As we obtain results from trials, we may elect to discontinue or delay clinical trials for certain product candidates in order to focus our resources on more promising product candidates.

An element of our business strategy is to pursue the research and development of a broad portfolio of product candidates. This is intended to allow us to diversify the risks associated with our research and development expenditures. As a result, we believe our future capital requirements and our future financial success are not substantially dependent on any one product candidate. To the extent we are unable to maintain a broad range of product candidates, our dependence on the success of one or a few product candidates increases.

Regulatory approval is required before we can market our product candidates as therapeutic products. In order to proceed to subsequent clinical trial stages and to ultimately achieve regulatory approval, the regulatory agency must conclude that our clinical data is safe and effective. Historically, the results from preclinical testing and early clinical trials (through Phase 2) have often not been predictive of results obtained in later clinical trials. A number of new drugs and biologics have shown promising results in early clinical trials, but subsequently failed to establish sufficient safety and efficacy data to obtain necessary regulatory approvals.

Furthermore, our business strategy includes the option of entering into collaborative arrangements with third parties to complete the development and commercialization of our product candidates. In the event that third parties take over the clinical trial process for one of our product candidates, the estimated completion date would largely be under control of that third party rather than us. We cannot forecast with any degree of certainty which proprietary products, if any, will be subject to future collaborative arrangements, in whole or in part, and how such arrangements would affect our development plan or capital requirements. Our programs may also benefit from subsidies, grants, contracts or government or agency-sponsored studies that could reduce our development costs.

As a result of the uncertainties discussed above, among others, it is difficult to accurately estimate the duration and completion costs of our research and development projects or when, if ever, and to what extent it will receive cash inflows from the commercialization and sale of a product. Our inability to complete our research and development projects in a timely manner or our failure to enter into collaborative agreements, when appropriate, could significantly increase our capital requirements and could adversely impact our liquidity. These uncertainties could force us to seek additional, external sources of financing from time to time in order to continue with our business strategy. Our inability to raise additional capital, or to do so on terms reasonably acceptable to us, would jeopardize the future success of our business.

During the past five years through December 31, 2012, we incurred an aggregate of \$156.3 million in research and development expenses. The following table indicates the amount incurred for each of our significant research programs and for other identified research and development activities during the three months ended March 31, 2013 and 2012. The amounts disclosed in the following table reflect direct research and development costs, license fees associated with the underlying technology and an allocation of indirect research and development costs to each program.

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	Three Months Ended March 31,	
	2013	2012
	(In thousands)	
Rindopepimut	\$ 8,911	\$ 4,939
CDX-011	1,109	1,078
CDX-1135	548	2,330
CDX-1127	2,245	936
CDX-301	149	548

CDX-1401	224	486
CDX-014	316	133
Other Programs	588	319
Total R&D Expense	\$ 14,090	\$ 10,769

## Clinical Development Programs

### Rindopepimut

Our lead clinical development program, rindopepimut, is a targeted immunotherapeutic that targets the tumor-specific molecule, epidermal growth factor receptor variant III, or EGFRvIII. EGFRvIII is a mutated form of the epidermal growth factor receptor, or EGFR, that is only expressed in cancer cells and not in normal tissue and can directly contribute to cancer cell growth. EGFRvIII is expressed in approximately 30% of glioblastoma, or GB, tumors, also referred to as glioblastoma multiforme, or GBM, the most common and aggressive form of brain cancer. Rindopepimut is composed of the EGFRvIII peptide linked to a carrier protein called Keyhole Limpet Hemocyanin, or KLH, and administered together with the adjuvant GM-CSF. The Food and Drug Administration, or FDA, and the European Medicines Agency, or EMA, have both granted orphan drug designation for rindopepimut for the treatment of EGFRvIII expressing GB. The FDA has also granted Fast Track designation.

The Phase 2a study of rindopepimut referred to as ACTIVATE was led by collaborating investigators at the Brain Center at Duke Comprehensive Cancer Center in Durham, North Carolina and at M.D. Anderson Cancer Center in Houston, Texas and enrolled 18 evaluable GB patients. An extension of the Phase 2a study referred to as ACT II evaluated 22 additional GB patients treated in combination with the current standard of care, maintenance temozolomide, or TMZ, at the same two institutions.

We initiated ACT III, a Phase 2b/3 randomized study of rindopepimut combined with standard of care, TMZ, versus standard of care alone in patients with GB in over 30 sites throughout the United States. In December 2008, we announced an amendment to convert the ACT III study to a single-arm Phase 2 clinical trial in which all patients were to receive rindopepimut in combination with TMZ. The decision, which followed the recommendation of the Independent Data Monitoring Committee, was based on the observation that the majority of patients randomized to the control (standard of care) arm withdrew from this open-label study after being randomized to the control arm. Patients participating in the control arm of the study were offered the option to receive treatment with rindopepimut. Under this amendment, the ACT III study provided for a multi-center, non-randomized dataset for rindopepimut in patients with newly diagnosed GB.

In November 2012, we announced three-year survival data for each of our three Phase 2 studies in rindopepimut, ACT III, ACT II and ACTIVATE. The median overall survival, or OS, in ACT III was 24.6 months from diagnosis (21.8 months from study entry) and OS was 26% at three years. The median OS in ACT II was 24.4 months from diagnosis (20.5 months from study entry) and OS was 23% at three years. The median OS in ACTIVATE was 24.6 months from diagnosis (20.4 months from study entry) and OS was 33% at three years. In addition we also announced data from a retrospective analysis of EGFRvIII expression status and associated clinical outcome in the Phase 3 Radiation Therapy Oncology Group's, or RTOG, 0525 study. This analysis was conducted by The University of Texas MD Anderson Cancer Center in cooperation with RTOG to provide an assessment of the prognosis for patients with EGFRvIII-positive disease contemporary with the ACT III data. Across three Phase 2 studies of rindopepimut, survival data remains consistent and suggests a continuing survival benefit in comparison to independent control datasets (see chart below) at the median and at three years.

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### Rindopepimut Overall Survival (OS) in EGFRvIII-Positive Glioblastoma vs Independent Control Datasets

#### Rindopepimut Phase 2 Studies (all data from study entry).

	Medium (months)	OS at 3 years
ACT III (n=65)	21.8	26%
ACT II (n=22)	20.5	23%
ACTIVATE (n=18)	20.4	33%

#### Independent Control Datasets (all data from study entry).

MD Anderson EGFRvIII-positive patients matched(1) to ACTIVATE patient population (n=17) (contemporary with ACTIVATE)	12.2(2)	6%
Radiation Therapy Oncology Group (RTOG) 0525 study—all EGFRvIII-positive patients (n=142) (contemporary with ACT III)	15.1	18%
RTOG 0525 study—all EGFRvIII-positive patients treated with standard dose temozolomide (n=62) (contemporary with ACT III)	14.2	7%
RTOG 0525 study—EGFRvIII-positive patients matched(1) to ACT III/IV patient population (n=29) (contemporary with ACT III)	16.0	13%

(1) Controls are closely matched to rindopepimut patient criteria including gross total resection of patient tumor and ~3 months without disease progression at time of study entry

(2) In order to provide comparable timeframes across datasets, data have been estimated assuming study entry at three months from diagnosis.

In December 2011, we initiated ACT IV, a pivotal, randomized, double-blind, controlled Phase 3 study of rindopepimut in patients with surgically resected, EGFRvIII-positive GB. Patients are randomized after the completion of surgery and standard chemoradiation treatment. The treatment regime includes a rindopepimut priming phase post-radiation followed by an adjuvant TMZ phase and a rindopepimut maintenance therapy phase. Patients are treated until disease progression or intolerance to therapy. The primary objective of the study is to determine whether rindopepimut plus adjuvant GM-CSF improves the overall survival of patients with newly diagnosed EGFRvIII-positive GB after Gross Total Resection, or GTR, when compared to treatment with

TMZ and a control injection of KLH. KLH is a component of rindopepimut and was selected due to its ability to generate a similar injection site reaction to that observed with rindopepimut. ACT IV will enroll up to 440 patients at over 150 centers worldwide to recruit approximately 374 patients with GTR to be included in the primary analysis. We expect to complete patient accrual by the end of 2013 and anticipate receiving data 18 to 24 months after completing accrual. We anticipate ACT IV to cost over \$60 million during its duration.

In December 2011, we also initiated ReACT, a Phase 2 study of rindopepimut in combination with Avastin® in patients with recurrent EGFRvIII-positive GB. ReACT will enroll approximately 95 patients in a first or second relapse of GB following receipt of standard therapy and will be conducted at approximately 25 sites across the United States. Approximately 70 patients who have yet to receive Avastin will be randomized to receive either rindopepimut and Avastin or a control injection of KLH and Avastin in a blinded fashion. Another 25 patients who are refractory to Avastin having received Avastin in either the frontline or recurrent setting with subsequent progression will receive rindopepimut plus Avastin in a single treatment arm. We expect data from this study to be available in the second half of 2013.

In addition, researchers at Stanford University are conducting an investigator sponsored, pilot trial of rindopepimut in pediatric patients with pontine glioma. Patient enrollment is ongoing for this trial.

#### *Glembatumumab Vedotin (CDX-011)*

CDX-011 is an antibody-drug conjugate, or ADC, that consists of a fully-human monoclonal antibody, CR011, linked to a potent cell-killing drug, monomethyl-auristatin E, or MMAE. The CR011 antibody specifically targets glycoprotein NMB, referred to as GPNMB, that is expressed in a variety of human cancers including breast cancer and melanoma. The ADC technology, comprised of MMAE and a stable linker system for attaching it to CR011, was licensed from Seattle Genetics, Inc. The ADC is designed to be stable in the bloodstream. Following intravenous administration, CDX-011 targets and binds to GPNMB and upon internalization into the targeted cell, CDX-011 is designed to release MMAE from CR011 to produce a cell-killing effect. The FDA has granted Fast Track designation to CDX-011 for the treatment of advanced, refractory/resistant GPNMB-expressing breast cancer.

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**Treatment of Breast Cancer:** In June 2008, an open-label, multi-center Phase 1/2 study was initiated of CDX-011 administered intravenously once every three weeks to patients with locally advanced or metastatic breast cancer who had received prior therapy (median of seven prior regimens). The study began with a bridging phase to confirm the maximum tolerated dose, or MTD, and then expanded into a Phase 2 open-label, multi-center study.

The study confirmed the safety of CDX-011 at the pre-defined maximum dose level (1.88 mg/kg) in 6 patients. An additional 28 patients were enrolled in an expanded Phase 2 cohort (for a total of 34 treated patients at 1.88 mg/kg, the Phase 2 dose) to evaluate the PFS rate at 12 weeks. As previously seen in melanoma patients, the 1.88 mg/kg dose was well tolerated in this patient population with the most common adverse events of rash, alopecia, and fatigue. The primary activity endpoint, which called for at least 5 of 25 (20%) patients in the Phase 2 study portion to be progression-free at 12 weeks, was met as 9 of 26 (35%) evaluable patients were progression-free at 12 weeks.

For all patients treated at the maximum dose level, tumor shrinkage was seen in 62% (16/26) and median PFS was 9.1 weeks. A subset of 10 patients had “triple negative disease,” a more aggressive breast cancer subtype that carries a high risk of relapse and reduced survival as well as limited therapeutic options due to lack of over-expression of HER2/neu, estrogen and progesterone receptors. In these patients, 78% (7/9) had some tumor shrinkage, 12-week PFS rate was 70% (7/10), and median PFS was 17.9 weeks. Tumor samples from a subset of patients across all dose groups were analyzed for GPNMB expression. The tumor samples from most patients showed evidence of stromal and/or tumor cell expression of GPNMB.

In December 2011, we completed enrollment of EMERGE, a randomized, multi-center Phase 2b study of CDX-011 in 122 patients with heavily pre-treated, advanced, GPNMB positive breast cancer. Patients were randomized (2:1) to receive either CDX-011 or single-agent Investigator’s Choice, or IC, chemotherapy. Patients randomized to receive IC were allowed to cross over to receive CDX-011 following disease progression. Activity endpoints include response rate, PFS and OS.

In December 2012, we announced final results, as shown below, from the EMERGE study which suggested that CDX-011 induces significant response rates compared to currently available therapies in patient subsets with advanced, refractory breast cancers with GPNMB over-expression (expression in greater than 25% of tumor cells) and in patients with triple negative breast cancer. The overall survival, or OS, and progression free survival, or PFS, of patients treated with CDX-011 was also observed to be greatest in patients with triple negative breast cancer who also over-express GPNMB and all patients with GPNMB over-expression.

#### **EMERGE: Overall Response Rate and Disease Control Data**

	All Patients		Triple Negative		On target effect clearly demonstrated in targeted patient populations			
					GPNMB Over-Expression		Triple Negative and GPNMB Over-Expression	
	CDX-011	IC	CDX-011	IC	CDX-011	IC	CDX-011	IC
	(n=81)	(n=36)	(n=27)	(n=9)	(n=25)	(n=8)	(n=12)	(n=4)
Response	16%	14%	19%	0%	32%	13%	33%	0%
Disease Control Rate	57%	53%	67%	33%	64%	38%	75%	25%

*Responses per RECIST 1.1; IC = Investigator’s Choice; CDX-011 arm includes 15 patients who crossed over to receive CDX-011 treatment after progression on IC. Analysis of best response excludes patients who discontinued from study without evaluable post-baseline radiographic imaging (n=15 for CDX-011 arm; n=5 for IC arm).*

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## EMERGE: Overall Survival (OS) and Progression Free Survival (PFS) Data

	On target effect clearly demonstrated in targeted patient populations											
	All Patients		Triple Negative				GPNMB Over-Expression				Triple Negative and GPNMB Over-Expression	
	CDX-011	IC	CDX-011	IC	CDX-011	IC	CDX-011	IC	CDX-011	IC		
Median OS (months)	7.5	7.4	6.9	6.5	10.0	5.7	10.0	5.5				
	p=0.24		p=0.30		p=0.18		p=0.003					
Median PFS (months)	2.1	2.0	2.3	1.6	2.7	1.5	3.0	1.5				
	p=0.38		p=0.43		p=0.14		p=0.008					

Analyses include all treated patients. Patients who initially received Investigator's Choice (IC) and subsequently crossed over to receive CDX-011 (n=15) are included in the PFS analysis for each treatment. These patients, with a median OS of 12.5 months, are assigned to the IC arm only for OS analysis. Median OS for the remaining IC patients who did not cross over is 5.4 months. When cross over patients are removed, median OS in patients with GPNMB over-expression is 10.0 months for CDX-011 vs 5.2 months for IC (p=0.05) and median OS in triple negative patients with GPNMB over-expression is 10.0 months for CDX-011 vs 5.2 months for IC (p=0.009).

In December 2012, we had our end of Phase 2b meeting with the FDA for our CDX-011 program. Based on this meeting, we intend to initiate a randomized study of CDX-011 suitable for accelerated approval in patients with triple negative breast cancer that over-express GPNMB in the second half of 2013.

One lot of our CDX-011 product candidate was aseptically filled in 2009 by Formatech, a third party contract manufacturer. At the end of January 2012, we were notified by the FDA that because significant Good Manufacturing Practice, or cGMP, violations were uncovered during inspection of Formatech, our Phase 2b study for CDX-011 was being placed on partial clinical hold. The clinical hold did not significantly impact the conduct or analysis of the Phase 2b study for purposes of determining next steps in our future development of CDX-011. In March 2013, we received written confirmation from the FDA that the clinical hold was removed following their review of our clinical hold response regarding reprocessing of the CDX-011 manufactured at Formatech.

**Treatment of Metastatic Melanoma:** In 2009, we completed enrollment of 117 patients in a Phase 1/2 open-label, multi-center, dose escalation study to evaluate the safety, tolerability and pharmacokinetics of CDX-011 for patients with un-resectable Stage III or Stage IV melanoma who had failed no more than one prior line of cytotoxic therapy. The MTD was determined to be 1.88 mg/kg administered intravenously once every three weeks. The study achieved its primary activity objective with an ORR in the Phase 2 cohort of 15% (5/34). Median PFS was 3.9 months. CDX-011 was generally well tolerated, with the most frequent treatment-related adverse events being rash, fatigue, hair loss, pruritus, diarrhea and neuropathy. In the subset of patients with tumor biopsies, high levels of tumor expression of GPNMB appeared to correlate with favorable outcome. In the seven patients whose tumors were found to express high amounts of GPNMB, and who were treated at the maximum tolerated doses across all dosing schedules, median PFS was 4.9 months. The development of rash, which may be associated with the presence of GPNMB in the skin also seemed to correlate with greater PFS.

We intend to initially focus our resources on advancing CDX-011 for the treatment of breast cancer while pursuing further development of CDX-011 in melanoma and other indications that are known to express GPNMB.

### CDX-1135

CDX-1135 is a molecule that inhibits a part of the human immune system called the complement system. The complement system is a series of proteins that are important initiators of the body's acute inflammatory response against disease, infection and injury. Excessive complement activation also plays a role in some persistent inflammatory conditions. CDX-1135 is a soluble form of naturally occurring Complement Receptor 1 that has been shown to inhibit the activation of the complement cascade in animal models and in human clinical trials. In preclinical studies, CDX-1135 has been shown to inhibit both the classical and alternative pathways of complement activation.

Dense Deposit Disease, or DDD, is a rare and devastating disease that is caused by uncontrolled activation of the alternative pathway of complement and leads to progressive kidney damage in children. There is currently no treatment for patients with DDD and about half progress to end-stage renal disease within 10 years. Because DDD recurs in virtually all patients who receive a kidney transplant, transplantation is not a viable option for these patients. In animal models of DDD, CDX-1135 treatment showed evidence of reversal of kidney damage.

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Initial experience under an investigator sponsored IND indicated that CDX-1135 limits complement abnormalities in DDD. In 2011, we completed process development activities and in 2011 and 2012 we manufactured multiple runs of cGMP clinical drug product at our Fall River manufacturing facility in preparation for our upcoming pilot study. We are planning to initiate a pilot study of CDX-1135 in a small number of DDD patients to determine the appropriate dose and regimen for further clinical development based on safety, tolerability and biological activity with data expected by the end of 2013.

### CDX-1127

CDX-1127 is a human monoclonal antibody that targets CD27, a potentially important target for immunotherapy of various cancers. We have entered into license agreements with the University of Southampton, UK for intellectual property related to uses of anti-CD27 antibodies and with Medarex (now a subsidiary of the Bristol-Myers Squibb Company) for access to the UltiMab technology to develop and commercialize human antibodies to CD27. CD27 acts downstream from CD40 and may provide a novel way to regulate the immune responses. CD27 is a co-stimulatory molecule on T cells and is over-expressed in certain lymphomas and leukemias. CDX-1127 is an agonist antibody designed to have two potential therapeutic mechanisms. CDX-1127 has been shown to activate immune cells that can target and eliminate cancerous cells in tumor-bearing mice and to directly kill or inhibit the growth of CD27 expressing lymphomas and leukemias in vitro and in vivo. Both mechanisms have been seen even at low doses in appropriate preclinical models.

In November 2011, we initiated an open label, dose-escalating Phase 1 study of CDX-1127 in patients with selected malignant solid tumors or hematologic cancers at multiple clinical sites in the United States. The Phase 1 study is designed to test five escalating doses of CDX-1127 to determine a Phase 2 dose for further development based on safety, tolerability, potential activity and immunogenicity. The study will accrue approximately 30 patients in each of the two arms, either selected refractory or relapsed solid tumors or lymphomas or leukemias known to express CD27. Patients will have received all appropriate prior therapies for their specific disease. The trial design incorporates both single dosing and multiple dosing regimens at each dose level. Enrollment has completed in the Phase 1 portion of the solid tumor arm and CDX-1127 was determined to be well tolerated to date, including at the highest dose level. Following a review of the clinical data from these patients, an expansion cohort will be enrolled in 2013. We continue to enroll patients in the dose escalation portion of the lymphoma and leukemia arm and also plan the initiation of an expansion cohort of this arm in 2013. We anticipate reporting data from the CDX-1127 program in the second half of 2013.

#### *CDX-301*

CDX-301 is a FMS-like tyrosine kinase 3 ligand, or Flt3L, stem cell mobilizer and dendritic cell growth factor. We licensed CDX-301 from Amgen in March 2009. CDX-301 is a potent hematopoietic cytokine that stimulates the expansion and differentiation of hematopoietic progenitor and stem cells. CDX-301 has demonstrated a unique capacity to increase the number of circulating dendritic cells in both laboratory and clinical studies. In addition, CDX-301 has shown impressive results in models of cancer, infectious diseases and inflammatory/autoimmune diseases. We believe CDX-301 may hold significant opportunity for synergistic development in combination with other proprietary molecules in our portfolio.

In February 2013, we announced final results from our dose-escalating Phase 1 study of CDX-301 in 30 healthy subjects in collaboration with Rockefeller University. The Phase 1 study evaluated seven different dosing regimens of CDX-301 to determine the appropriate dose for further development based on safety, tolerability, and biological activity. The data from the study were consistent with previous clinical experience and demonstrated that CDX-301 was well-tolerated and can effectively mobilize hematopoietic stem cell populations in healthy volunteers. Based on the safety profile and the increases observed for CD34+ stem cells and dendritic cells, we plan to initiate a pilot study in hematopoietic stem cell transplant in the second half of 2013.

#### *CDX-1401*

CDX-1401, developed from our APC Targeting Technology, is a fusion protein consisting of a fully human monoclonal antibody with specificity for the dendritic cell receptor, DEC-205, linked to the NY-ESO-1 tumor antigen. In humans, NY-ESO-1 has been detected in 20 - 30% of all melanoma, lung, esophageal, liver, gastric, prostate, ovarian and bladder cancers, thus representing a broad opportunity. This product is intended to selectively deliver the NY-ESO-1 antigen to dendritic cells for generating robust immune responses against cancer cells expressing NY-ESO-1. We are developing CDX-1401 for the treatment of malignant melanoma and a variety of solid tumors which express the proprietary cancer antigen NY-ESO-1, which we licensed from the Ludwig Institute for Cancer Research in 2006. Preclinical studies have shown that CDX-1401 is effective for activation of human T cell responses against NY-ESO-1.

In October 2012, we announced results from a dose-escalating, multi-center, Phase 1 study that evaluated three different doses of CDX-1401 in combination with toll-like receptor agonists poly-ICLC or Hiltonol™ and/or R848 or resiquimod. In total, the study enrolled 45 patients with advanced malignancies that had progressed after any available curative and/or salvage therapies. 60%

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of patients had confirmed NY-ESO expression in archived tumor sample. Thirteen patients maintained stable disease for up to 13.4 months with a median of 6.7 months. Treatment was well-tolerated and there were no dose limiting toxicities. Humoral responses were elicited in both NY-ESO-1 positive and negative patients. NY-ESO-1-specific T cell responses were absent or low at baseline, but increased post-vaccination in 53% of evaluable patients, including both CD4 and/or CD8 T cell responses. Robust immune responses were observed with CDX-1401 with resiquimod and Poly ICLC alone and in combination. The study has identified a well-tolerated and immunogenic regimen to take forward into the future studies and we expect that a study sponsored by the Cancer Immunotherapy Trials Network of the National Cancer Institute will be initiated in 2013.

#### **Preclinical Programs**

##### *CDX-014*

CDX-014 is a fully-human monoclonal ADC that targets TIM-1, a molecule that is highly expressed on renal and ovarian cancers with minimal expression in normal tissues. The antibody, CDX-014, is linked to MMAE using Seattle Genetics' proprietary technology. The ADC is designed to be stable in the bloodstream, but to release MMAE upon internalization into TIM-1-expressing tumor cells, resulting in a targeted cell-killing effect. CDX-014 has shown potent activity in preclinical models of ovarian and renal cancer. We are conducting proof-of-concept studies in 2013 to optimize the drug candidate to move into future manufacturing and IND-enabling studies.

#### **Marketed Products**

Rotavirus is a major cause of diarrhea and vomiting in infants and children. In 1997, we licensed our oral rotavirus strain to Glaxo and Glaxo assumed responsibility for all subsequent clinical trials and all other development activities. We licensed-in the rotavirus strain that was used to develop Glaxo's Rotarix rotavirus vaccine in 1995 and owe a license fee of 30% to Cincinnati Children's Hospital Medical Center, or CCH, on net royalties received from Glaxo. In May 2005, we entered into an agreement whereby an affiliate of Paul Royalty Fund II, L.P., or PRF, purchased a 70% interest in the net royalties we received on worldwide sales of Rotarix.

In December 2012, a U.S. patent for our rotavirus strain that we licensed to Glaxo expired. The Glaxo agreement terminates automatically upon the expiration, lapse or invalidation of the last relevant patent right (patent or patent application) covered by the Glaxo agreement. The only remaining relevant patent right is a patent application in Mexico with a projected final expiry date in May 2013 which is under appeal. The PRF agreement provided for a normal expiry of the PRF agreement on December 12, 2012 except that the PRF agreement provides for an exclusive 120-day right of negotiation for extension in certain circumstances.

#### **CRITICAL ACCOUNTING POLICIES**

Our critical accounting policies are more fully described in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012 and there have been no material changes to such critical accounting policies. We believe our most critical accounting policies include accounting for business combinations, revenue recognition, impairment of long-lived assets, research and development expenses and stock-based compensation expense.

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**RESULTS OF OPERATIONS**

*Three Months Ended March 31, 2013 compared with Three Months Ended March 31, 2012*

	Three Months Ended March 31,		Increase/ (Decrease) \$	Increase/ (Decrease) %
	2013	2012		
(In thousands)				
<b>Revenue:</b>				
Product Development and Licensing Agreements	\$ 30	\$ 35	\$ (5)	(14)%
Contracts and Grants	50	54	(4)	(7)%
Product Royalties	2,334	2,344	(10)	—
<b>Total Revenue</b>	<b>\$ 2,414</b>	<b>\$ 2,433</b>	<b>\$ (19)</b>	<b>(1)%</b>
<b>Operating Expense:</b>				
Research and Development	14,090	10,769	3,321	31%
Royalty	2,334	2,344	(10)	—
General and Administrative	3,138	2,317	821	35%
Amortization of Acquired Intangible Assets	253	291	(38)	(13)%
<b>Total Operating Expense</b>	<b>19,815</b>	<b>15,721</b>	<b>4,094</b>	<b>26%</b>
Operating Loss	(17,401)	(13,288)	4,113	31%
Investment and Other Income, Net	379	205	174	85%
Interest Expense	(310)	(433)	(123)	(28)%
<b>Net Loss</b>	<b>\$ (17,332)</b>	<b>\$ (13,516)</b>	<b>\$ 3,816</b>	<b>28%</b>

*Net Loss*

The \$3.8 million increase in net loss for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was primarily the result of an increase in research and development and general and administrative expenses.

*Revenue*

Revenue for the three months ended March 31, 2013 was relatively consistent compared to the three months ended March 31, 2012. Product royalty revenue was related to our retained interests in Rotarix net royalties which were not sold to PRF and which is equal to the amount payable to CCH and recognized in royalty expense by us. We expect that royalty revenue related to the Glaxo agreement will end during the year ending December 31, 2013. In December 2012, a U.S. patent for our rotavirus strain that we licensed to Glaxo expired. The Glaxo agreement terminates automatically upon the expiration, lapse or invalidation of the last relevant patent right (patent or patent application) covered by the Glaxo agreement. The only remaining relevant patent right is a patent application in Mexico with a projected final expiry date in May 2013 which is under appeal. The PRF agreement provided for a normal expiry of the PRF agreement on December 12, 2012 except that the PRF agreement provides for an exclusive 120-day right of negotiation for extension in certain circumstances.

*Research and Development Expense*

Research and development expenses consist primarily of (i) personnel expenses, (ii) laboratory supply expenses relating to the development of our technology, (iii) facility expenses, and (iv) product development expenses associated with our product candidates as follows:

	Three Months Ended March 31,		Increase/ (Decrease) \$	Increase/ (Decrease) %
	2013	2012		
(In thousands)				
Personnel	\$ 3,783	\$ 3,427	\$ 356	10%
Laboratory Supplies	711	388	323	83%
Facility	1,118	1,143	(25)	(2)%
Product Development	7,815	4,984	2,831	57%

Personnel expenses primarily include salary, benefits, stock-based compensation, payroll taxes and recruiting costs. The \$0.4 million increase in personnel expenses for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was primarily due to higher headcount. We expect personnel expenses to increase over the next twelve months as we plan to continue to increase our headcount, primarily to support our rindopepimut and CDX-011 programs.

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Laboratory supply expenses include laboratory materials and supplies, services, and other related expenses incurred in the development of our technology. The \$0.3 million increase in laboratory supply expense for the three months ended March 31, 2013 compared to the three months ended

March 31, 2012 was primarily due to higher manufacturing supply purchases. We expect supply expenses to remain relatively consistent over the next twelve months, although there may be fluctuations on a quarterly basis.

Facility expenses include depreciation, amortization, utilities, rent, maintenance, and other related expenses incurred at our facilities. Facility expenses for the three months ended March 31, 2013 were relatively consistent compared to the three months ended March 31, 2012. We expect facility expenses to remain relatively consistent over the next twelve months, although there may be fluctuations on a quarterly basis.

Product development expenses include clinical investigator site fees, external trial monitoring costs, data accumulation costs, contracted research and outside clinical drug product manufacturing. The \$2.8 million increase in product development expenses for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was primarily the result of an increase in clinical trial costs and contract manufacturing of \$2.3 million and \$0.5 million, respectively, primarily due to our rindopepimut program. We expect product development expenses to increase over the next twelve months primarily due to the increase in clinical trial and contract manufacturing expenses related to our rindopepimut and CDX-011 programs, although there may be fluctuations on a quarterly basis.

#### *Royalty Expense*

Royalty expenses include product royalty and sublicense royalty fees on our out-licensed programs. Royalty expenses for the three months ended March 31, 2013 were relatively consistent compared to the three months ended March 31, 2012. Our retained interests in Rotarix net royalties which were not sold to PRF are recorded as product royalty revenue and a corresponding amount that is payable to CCH is recorded as royalty expense. We expect royalty expense related to the Glaxo agreement will end during the year ended December 31, 2013. The Glaxo agreement terminates automatically upon the expiration, lapse or invalidation of the last relevant patent right (patent or patent application) covered by the Glaxo agreement. The only remaining relevant patent right is a patent application in Mexico with a projected final expiry date in May 2013 which is under appeal. The PRF agreement provided for a normal expiry of the PRF agreement on December 12, 2012 except that the PRF agreement provides for an exclusive 120-day right of negotiation for extension in certain circumstances.

#### *General and Administrative Expense*

The \$0.8 million increase in general and administrative expenses for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was primarily due to higher headcount and rindopepimut-related commercial planning costs. We expect general and administrative expense to increase over the next twelve months primarily due to increased commercial planning efforts, although there may be fluctuations on a quarterly basis.

#### *Amortization Expense*

Amortization expenses for the three months ended March 31, 2013 were relatively consistent compared to the three months ended March 31, 2012. We expect amortization expense of acquired intangible assets to remain relatively consistent over the next twelve months.

#### *Investment and Other Income, Net*

The \$0.2 million increase in investment and other income, net for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was primarily due to us recognizing \$0.2 million and \$0.1 million in other income related to the sale of New Jersey tax benefits during the three months ended March 31, 2013 and 2012, respectively. We anticipate investment income to increase over the next twelve months due to higher cash and investment balances resulting from fundraising efforts during the three months ended March 31, 2013.

#### *Interest Expense*

The \$0.1 million decrease in interest expense for the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was due to a decrease in our Term Loan balance. We anticipate interest expense to decrease over the next twelve months as we continue to make monthly principal payments on our Term Loan.

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## **LIQUIDITY AND CAPITAL RESOURCES**

Our cash equivalents are highly liquid investments with a maturity of three months or less at the date of purchase and consist primarily of investments in money market mutual funds with commercial banks and financial institutions. We maintain cash balances with financial institutions in excess of insured limits. We do not anticipate any losses with respect to such cash balances. We invest our excess cash balances in marketable securities including municipal bond securities, U.S. government agency securities, and high-grade corporate bonds that meet high credit quality standards, as specified in our investment policy. Our investment policy seeks to manage these assets to achieve our goals of preserving principal and maintaining adequate liquidity.

The use of our cash flows for operations has primarily consisted of salaries and wages for our employees; facility and facility-related costs for our offices, laboratories and manufacturing facility; fees paid in connection with preclinical studies, clinical studies, contract manufacturing, laboratory supplies and services; and consulting, legal and other professional fees. To date, the primary sources of cash flows from operations have been payments received from our collaborative partners and from government entities. The timing of any new collaboration agreements, government contracts or grants and any payments under these agreements, contracts or grants cannot be easily predicted and may vary significantly from quarter to quarter.

At March 31, 2013, our principal sources of liquidity consisted of cash, cash equivalents and marketable securities of \$182.4 million. Our working capital at March 31, 2013 was \$166.1 million. At March 31, 2013, our Term Loan balance was \$10.1 million. We incurred a loss of \$17.3 million for the three months ended March 31, 2013. Net cash used in operations for the three months ended March 31, 2013 was \$17.2 million. We believe that the cash, cash equivalents and marketable securities at March 31, 2013 are sufficient to fund planned operations through 2015.

During the next twelve months, we may take further steps to raise additional capital to meet our long-term liquidity needs. Our capital raising activities may include, but may not be limited to, one or more of the following: the licensing of technology programs with existing or new collaborative partners, possible business combinations, issuance of debt, or the issuance of common stock or other securities via private placements or public offerings.



While we continue to seek capital through a number of means, there can be no assurance that additional financing will be available on acceptable terms, if at all, and our negotiating position in capital-raising efforts may worsen as existing resources are used. There is also no assurance that we will be able to enter into further collaborative relationships. Additional equity financing may be dilutive to our stockholders; debt financing, if available, may involve significant cash payment obligations and covenants that restrict our ability to operate as a business; and licensing or strategic collaborations may result in royalties or other terms which reduce our economic potential from products under development.

#### *Operating Activities*

Net cash used in operating activities was \$17.2 million for the three months ended March 31, 2013 compared to \$13.6 million for the three months ended March 31, 2012. The increase in net cash used in operating activities was primarily due to an increase in net loss of \$3.8 million and changes in working capital. We expect that cash used in operating activities will increase over the next twelve months primarily related to costs incurred on our rindopepimut and CDX-011 programs.

We have incurred and will continue to incur significant costs in the area of research and development, including preclinical studies and clinical trials, as our product candidates are developed. We plan to spend significant amounts to progress our current product candidates through the clinical trial and commercialization process as well as to develop additional drug candidates. As our drug candidates progress through the clinical trial process, we may be obligated to make significant milestone payments.

#### *Investing Activities*

Net cash used in investing activities was \$46.6 million for the three months ended March 31, 2013 compared to \$27.5 million for the three months ended March 31, 2012. The increase in net cash used in investing activities was primarily due to \$46.4 million of net purchases of marketable securities for the three months ended March 31, 2013 compared to \$27.5 million for the three months ended March 31, 2012.

#### *Financing Activities*

Net cash provided by financing activities was \$114.5 million for the three months ended March 31, 2013 compared to \$51.9 million for the three months ended March 31, 2012. Net proceeds from stock issuances, including stock issued pursuant to employee benefit plans, were \$115.8 million during the three months ended March 31, 2013 compared to \$51.9 million for the three months ended March 31, 2012. We paid \$1.3 million in principal payments on our Term Loan during the three months ended March 31, 2013 compared to none for the three months ended March 31, 2012.

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#### *Equity Offerings*

In April 2010, we filed a shelf registration statement with the Securities and Exchange Commission to register for sale any combination of the types of securities described in the shelf registration statement up to a dollar amount of \$150 million. The shelf registration went effective on April 22, 2010. In December 2012, we filed a new shelf registration statement with the Securities and Exchange Commission to register for sale any combination of the types of securities described in the new shelf registration statement up to a dollar amount of \$200 million. The new shelf registration went effective on January 16, 2013.

In January 2011, we entered into a controlled equity offering sales agreement with Cantor Fitzgerald & Co. pursuant to which we could issue and sell up to 5,000,000 shares of our common stock from time to time through Cantor, acting as agent. During the three months ended March 31, 2012, we issued 2,425,000 shares of common stock under the Cantor agreement and raised \$8.5 million in net proceeds.

In September 2012, we amended the Cantor agreement to allow us to issue and sell additional shares of our common stock having an aggregate offering price of up to \$44.0 million. Under the Cantor amendment, we will pay Cantor a fixed commission rate of 3.0% of the gross sales price per share of any common stock sold through Cantor. The Cantor amendment terminates upon ten day notice by either Cantor or us. During the three months ended March 31, 2013, we issued 2,433,608 shares under the Cantor amendment and raised \$17.1 million in net proceeds. At March 31, 2013, we had \$4.4 million remaining in aggregate offering price available under the Cantor amendment which may be sold upon the expiration of the 90-day lock-up with the underwriters of our underwritten public offering in February 2013.

During the three months ended March 31, 2012, we issued 12,075,000 shares of our common stock in an underwritten public offering, including the underwriter's exercise of their full over-allotment option to purchase an additional 1,575,000 shares of common stock. The net proceeds to us were \$43.4 million, after deducting underwriting fees and offering expenses.

During the three months ended March 31, 2013, we issued 13,800,000 shares of our common stock in an underwritten public offering, including the underwriter's exercise of their full over-allotment option to purchase an additional 1,800,000 shares of common stock. The net proceeds to us were \$97.0 million, after deducting underwriting fees and offering expenses.

#### *Term Loan*

The Term Loan accrues interest at a fixed annual interest rate equal to the greater of (i) the sum of (A) the LIBOR Rate (as defined in the Loan Agreement) plus (B) 6.25%; or (ii) a minimum rate of 9.50%. In March 2012, we amended the Loan Agreement to extend the maturity date from December 2013 to December 2014 in return for an upfront fee of \$25,000 and an additional fee of \$37,500 due upon repayment of the Term Loan in full. Interest on the Term Loan is payable monthly and principal is due, as amended, in equal consecutive monthly installments. All unpaid principal and accrued interest with respect to the Term Loan is due and payable on the earlier of (A) December 30, 2014 or (B) the date that the Term Loan otherwise becomes due and payable under the terms of the Loan Agreement. We may prepay all, but not less than all, of the Term Loan subject to a prepayment premium of 1% in year three of the Term Loan. There is no prepayment premium if the loan is paid off early in year four. We are also obligated to make a payment of \$0.5 million upon the earlier of (A) December 30, 2013 or (B) upon repayment of the Term Loan in full prior to December 30, 2013.

Our obligations under the Loan Agreement are secured by a first priority lien upon and security interest in substantially all of our existing and after-acquired assets, excluding our intellectual property assets. Under the Loan Agreement, we are subject to specified affirmative and negative covenants

customary for financings of this type. The Loan Agreement provides that, upon the occurrence of certain specified events of default customary for financings of this type, our obligations under the Loan Agreement may be automatically accelerated, whereupon our obligations under the Loan Agreement shall be immediately due and payable. At March 31, 2013, we believe we are in compliance with the Loan Agreement.

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## AGGREGATE CONTRACTUAL OBLIGATIONS

Except as set forth below, the disclosures relating to our contractual obligations reported in our Annual Report on Form 10-K for the year ended December 31, 2012 which was filed with the SEC on March 8, 2013 have not materially changed since we filed that report.

On May 1, 2013, we entered into a lease agreement (the "Lease") with Crown Perryville, LLC., as Landlord, pursuant to which we will lease approximately 33,000 square feet of office space in Hampton, New Jersey for use as an office and laboratory. The Lease has a five-year, five-month term which will commence on the later of November 15, 2013 or the date on which the alterations are substantially complete and a Certificate of Occupancy is issued. Our obligation to pay rent commences five months after the lease commencement date. The annual rent obligations increase from \$0.4 million in the first year to \$0.5 million in the fifth year. The Lease includes two renewal options of five years each.

## RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 2, "Significant Accounting Policies," in the accompanying notes to the condensed consolidated financial statements for a discussion of recent accounting pronouncements.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We own financial instruments that are sensitive to market risk as part of our investment portfolio. Our investment portfolio is used to preserve our capital until it is used to fund operations, including our research and development activities. None of these market-risk sensitive instruments are held for trading purposes. We invest our cash primarily in money market mutual funds. These investments are evaluated quarterly to determine the fair value of the portfolio. From time to time, we invest our excess cash balances in marketable securities including municipal bond securities, U.S. government agency securities, and high-grade corporate bonds that meet high credit quality standards, as specified in our investment policy. Our investment policy seeks to manage these assets to achieve our goals of preserving principal and maintaining adequate liquidity. Because of the short-term nature of these investments, we do not believe we have material exposure due to market risk. The impact to our financial position and results of operations from likely changes in interest rates is not material.

We do not utilize derivative financial instruments. The carrying amounts reflected in the consolidated balance sheet of cash and cash equivalents, accounts receivables and accounts payable approximates fair value at March 31, 2013 due to the short-term maturities of these instruments.

### Item 4. Controls and Procedures

#### *Evaluation of Disclosure Controls and Procedures.*

As of March 31, 2013, we evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2013. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

#### *Changes in Internal Control Over Financial Reporting.*

There were no changes in our internal control over financial reporting during the three months ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K may not be the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results.

There were no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 8, 2013.

### Item 5. Other Information

On May 1, 2013, we entered into a lease agreement (the "Lease") with Crown Perryville, LLC., as Landlord, pursuant to which we will lease approximately 33,000 square feet of office space in Hampton, New Jersey for use as an office and laboratory. The Lease has a five-year, five-month term which will commence on the later of November 15, 2013 or the date on which the alterations are substantially complete and a Certificate of Occupancy is issued. Our obligation to pay rent commences five months after the lease commencement date. The annual rent obligations increase from \$0.4 million in the first year to \$0.5 million in the fifth year. The Lease includes two renewal options of five years each.

[Table of Contents](#)**Item 6. Exhibits**

2.1	Agreement and Plan of Merger, dated as of May 28, 2009, by and among Celldex Therapeutics, Inc., CuraGen Corporation and Cottrell Merger Sub, Inc. incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed May 29, 2009 with the Securities and Exchange Commission.
3.1	Third Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-4 (Reg. No. 333-59215), filed July 16, 1998 with the Securities and Exchange Commission.
3.2	Certificate of Amendment of Third Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-4 (Reg. No. 333-59215), filed July 16, 1998 with the Securities and Exchange Commission.
3.3	Second Certificate of Amendment of Third Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-4 (Reg. No. 333-59215), filed July 16, 1998 with the Securities and Exchange Commission.
3.4	Third Certificate of Amendment of Third Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q, filed May 10, 2002 with the Securities and Exchange Commission.
3.5	Fourth Certificate of Amendment of Third Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed on March 11, 2008 with the Securities and Exchange Commission.
3.6	Fifth Certificate of Amendment of Third Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K, filed on March 11, 2008 with the Securities and Exchange Commission.
3.7	Sixth Certificate of Amendment of Third Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.7 of the Company's Quarterly Report on Form 10-Q, filed November 10, 2008 with the Securities and Exchange Commission.
4.3	Amendment No. 2 to Shareholder Rights Agreement dated November 5, 2004, between the Company and Computershare Trust Company, N.A. (formerly EquiServe Trust Company, N.A.), as Rights Agent, incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form 8-A1G/A, filed on March 7, 2008 with the Securities and Exchange Commission.
*10.1	Lease Agreement, by and between the Company and Crown Perryville, LLC, dated May 1, 2013
*31.1	Certification of President and Chief Executive Officer
*31.2	Certification of Senior Vice President and Chief Financial Officer
**32.1	Section 1350 Certifications
101.1+	XBRL Instance Document.
101.2+	XBRL Taxonomy Extension Schema Document.
101.3+	XBRL Taxonomy Extension Calculation Linkbase Document.
101.4+	XBRL Taxonomy Extension Definition Linkbase Document.
101.5+	XBRL Taxonomy Extension Label Linkbase Document.
101.6+	XBRL Taxonomy Extension Presentation Linkbase Document.

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\* Filed herewith.

\*\* Furnished herewith.

+ The XBRL information is being furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any registration statement under the Securities Act of 1933, as amended.

[Table of Contents](#)**SIGNATURES**

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

**CELLEX THERAPEUTICS, INC.**

BY:

/s/ ANTHONY S. MARUCCI

---

Anthony S. Marucci  
President and Chief Executive Officer  
(Principal Executive Officer)

Dated: May 3, 2013

/s/ AVERY W. CATLIN

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Avery W. Catlin  
Senior Vice President, Treasurer and Chief Financial  
Officer  
(Principal Financial and Accounting Officer)

Dated: May 3, 2013

**EXHIBIT INDEX**

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101.2+	XBRL Taxonomy Extension Schema Document.
101.3+	XBRL Taxonomy Extension Calculation Linkbase Document.
101.4+	XBRL Taxonomy Extension Definition Linkbase Document.
101.5+	XBRL Taxonomy Extension Label Linkbase Document.
101.6+	XBRL Taxonomy Extension Presentation Linkbase Document.

\* Filed herewith.

\*\* Furnished herewith.

+ The XBRL information is being furnished and not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any registration statement under the Securities Act of 1933, as amended.

**LEASE**

between

**CROWN PERRYVILLE, LLC,**

as Landlord,

and

**CELLEX THERAPEUTICS, INC.,**

as Tenant

Dated: May 1, 2013

**Perryville III at Perryville Corporate Park  
53 Frontage Road  
Portions of First (1<sup>st</sup>) Floor and Second (2<sup>nd</sup>) Floor  
Hampton, New Jersey**

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**Exhibits:**

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**ARTICLE 2****TERM AND POSSESSION**

Section 2.1 **Term.** The term of this Lease shall be the period of time specified in **Item E** of the Basic Lease Provisions (“**Original Term**”) and shall commence on the Commencement Date. The date of commencement as defined above, hereinafter called the “**Commencement Date**,” and the “**Expiration Date**” shall be confirmed by Tenant as provided in Section 2.5. As used in this Lease, “**Lease Term**” shall include the Original Term and any renewal thereof.

Section 2.2 **Tenant’s Access Prior to Commencement Date.** Subject to the terms hereof and provided that Tenant and its agents do not interfere with Landlord’s Work, Tenant shall have access to the Premises not less than sixty (60) days prior to the Commencement Date for the purpose of Tenant installing telephone and network equipment and cabling, as well as furniture fixtures and equipment, including Tenant’s low voltage wiring, appliances, and lab equipment. Prior to Tenant’s entry into the Premises as permitted by the terms of this Section 2.2, Tenant shall submit a schedule to Landlord for its approval, which schedule shall detail the timing and purpose of Tenant’s entry, and Tenant shall provide Landlord with twenty-four (24) hour prior notice of the timing and purpose of such entry. In connection with any such entry, Tenant acknowledges and agrees that Tenant’s employees, agents, contractors, consultants, workmen, mechanics, suppliers and invitees shall fully cooperate, work in harmony and not unreasonably interfere with Landlord or Landlord’s contractor in performing Landlord’s Work. If at any time any such person representing Tenant shall not be cooperative or shall otherwise cause or threaten to cause any such disharmony or interference, including, without limitation, labor disharmony, and Tenant fails to immediately institute and maintain corrective actions as directed by Landlord in a commercially reasonable manner, then Landlord may revoke Tenant’s entry rights upon twenty-four (24) hours’ prior written notice to Tenant. Tenant acknowledges and agrees that any such entry into and occupancy of the Premises or any portion thereof by Tenant or any person or entity working for or on behalf of Tenant shall be deemed to be subject to all of the terms, covenants, conditions and provisions of the Lease, excluding only the covenant to pay Rent (until the occurrence of the Rent Commencement Date). Tenant further acknowledges and agrees that Landlord shall not be liable for any injury, loss or damage which may occur to any of Tenant’s work made in or about the Premises in connection with such entry or to any property placed therein prior to the Commencement Date, unless caused by or due to Landlord’s gross negligence or willful misconduct, the same being at Tenant’s sole risk and liability. Tenant shall be liable to Landlord for any damage to any portion of the Premises, including the Landlord’s Work, caused by Tenant or any of Tenant’s employees, agents, contractors, consultants, workmen, mechanics, suppliers and invitees. In the event that the performance of Tenant’s work in connection with such entry causes a material increase in costs to be incurred by Landlord or requires the use of any Building services, Tenant shall promptly reimburse Landlord for such extra costs with no additional markup or fee imposed by Landlord, and/or shall pay Landlord for such Building services at Landlord’s standard rates then in effect with no additional markup or fee imposed by Landlord. In addition, Tenant shall hold Landlord harmless from and indemnify, protect and defend Landlord against any loss or damage to the

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Premises or Building and against injury to any persons caused by Tenant’s actions pursuant to this Section 2.2.

Section 2.3 **Condition of Premises; “As-Is”.** Except for Landlord’s Work (as set forth on **Exhibit B**), and except as otherwise specifically provided in this Lease, Landlord is leasing the Premises to Tenant “as is” without representation or warranty. Notwithstanding anything contained in this Lease, Landlord represents and warrants that the Building and the Premises (1) are, to the best of Landlord’s knowledge, free of any known environmental hazards, including without limitation, mold, (2) have adequate utility capacity for Tenant’s intended use as set forth in Section 1.2 K, (3) are fully sprinklered, and (4) any improvements needed to satisfy compliance for the issuance of the certificate of occupancy (including without limitation, bathrooms) shall not result in any increase costs for Tenant during the term or subsequent extensions of the term of the Lease.

Section 2.4 **Tenant’s Acceptance of the Premises.** Upon delivery of possession of the Premises to Tenant as hereinbefore provided, (a) Landlord and Tenant shall execute a “punch list” identifying such portions of the Landlord’s Work which remain uncompleted as of the delivery of possession of the Premises to Tenant, and (b) Tenant shall execute a letter of understanding acknowledging (i) the Commencement Date and Expiration date of this Lease, and (ii) that Tenant has accepted the Premises for occupancy and the condition of the Premises, including the tenant finish improvements constructed therein (other than the items identified for the punch list), was at that time satisfactory and in conformity with the provisions of this Lease in all respects. Landlord shall promptly thereafter correct all such punch list items within thirty (30) days after execution of the letter of understanding. If Tenant takes possession of and occupies the Premises, Tenant shall be deemed to have accepted the Premises in the manner described in this Section 2.4, even though the punch list and the letter of understanding provided for herein may not have been executed by Tenant, except for any latent defects.

Section 2.5 **Surrender of the Premises.**

A. Upon the expiration or earlier termination of this Lease, or upon the exercise by Landlord of its right to re-enter the Premises without terminating this Lease, Tenant shall immediately surrender the Premises to Landlord, together with all alterations, improvements, and other property as provided elsewhere herein, in broom-clean condition and in good order, condition and repair, except for ordinary wear and tear and damage which Tenant is not obligated to repair, failing which Landlord may restore the Premises to such condition at Tenant’s expense. Upon such expiration or termination, Tenant shall have the right to remove its personal property (as described in Article 7), and shall, if required by Landlord at the time Landlord approved Tenant’s alteration request, remove all alterations made to the Premises by or on behalf of Tenant. Additionally, Tenant shall only be obligated to remove computer and telephone cabling and wiring in the office portion of the Premises (the “**Office Premises**”) that is installed by Tenant. Such removal shall be performed by Tenant in accordance with all legal requirements and in such a manner that will enable Landlord to adequately identify where said cabling and wiring was removed. Any property remaining in the Premises after the expiration or termination of this Lease shall be deemed abandoned and Landlord shall have the right to

remove and dispose of such property at Tenant's sole cost and expense. Tenant shall, at its expense, promptly repair any damage caused by any such removal, and shall restore the Premises to the condition existing prior to the installation of the items so removed.

B. Notwithstanding anything to the contrary set forth herein, upon the expiration or earlier termination of this Lease, Tenant will remove its laboratory equipment, benches and hoods and return the laboratory portion of the Premises to Landlord with a vinyl floor and white walls. All full height demising walls in the Vivarium portion of the Premises will be removed by Tenant and the ceiling grid shall be restored. Tenant shall be permitted to surrender the mechanical room with all equipment to remain therein. The remainder of the Premises shall be returned by Tenant to Landlord as required by subsection A above. Additionally, in the event Tenant does not exercise its Renewal Option (as defined in Section 19.27 herein), Tenant shall pay to Landlord no later than thirty (30) days prior to the expiration of the Initial Term, a one-time restoration fee of \$30,912.00 (representing \$7.00 per rentable square foot allocated to the Vivarium portion of the Premises, which is deemed to be approximately 4,416 rentable square feet).

Section 2.6 **Holding Over.** If Tenant, without the prior written consent of the Landlord, holds over and remains in possession of the Premises or any part thereof after the expiration or earlier termination of this Lease or Tenant's right to possession hereunder, Tenant shall be deemed to hold the Premises as a tenant at sufferance, subject to all of the terms, conditions and covenants of this Lease (which shall be applicable during the holdover period), except that the monthly Base Rent and Additional Rent payable during such holdover period shall be an amount equal to one hundred fifty percent (150%) of the Base Rent and Additional Rent at the time of such expiration or earlier termination. Notwithstanding the foregoing provision, no holding over by Tenant shall operate to extend this Lease, and Tenant shall be liable for all reasonable damages to Landlord. In the event Tenant holds over in the Premises for a period in excess of thirty (30) days beyond the Expiration Date, Tenant shall be responsible for all consequential damages attributable to such holding over. The provisions of this paragraph do not waive Landlord's right of re-entry or right to regain possession by actions at law or in equity or by any other rights hereunder.

### **ARTICLE 3**

#### **RENT**

Section 3.1 **Base Rent.** Commencing on the Rent Commencement Date, and continuing during each Lease Year (as hereinafter defined), Tenant shall pay to Landlord as Base Rent for the Premises the amounts specified on **Exhibit E** annexed hereto and made a part hereof, which Base Rent shall be payable in monthly installments as specified, in advance, without deduction or offset, on or before the first day of each and every calendar month during the Lease Term; provided, however, that if the Commencement Date shall be a day other than the first day of a calendar month or the Expiration Date shall be a day other than the last day of a calendar month, the Base Rent for such first or last fractional month shall be prorated on the basis of the number of days during the month this Lease was in effect in relation to the total

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number of days in such month. Tenant shall pay to Landlord the first monthly installment of Base Rent upon Tenant's execution of this Lease, to be applied to the sixth (6th) monthly installment of Base Rent due after the Rent Commencement Date. A "**Lease Year**" shall mean a period of twelve (12) consecutive calendar months. The first Lease Year shall commence on the Rent Commencement Date, and shall end with the expiration of the next succeeding twelve (12) months, plus the number of days, if any, required to have the period end at the expiration of the calendar month, and each Lease Year shall run consecutively thereafter. Notwithstanding anything to the contrary contained herein, provided that Tenant is not then in default of this Lease beyond any applicable cure period, Tenant shall receive a rent credit from the Commencement Date up to and including the last day of the fifth (5<sup>th</sup>) month following the Rent Commencement Date.

#### Section 3.2 **Annual Rental Adjustment.**

A. **Definitions.** For purposes of this Section 3.2, the following definitions shall apply:

1. "**Annual Rental Adjustment**" shall mean an amount for each calendar year subsequent to the Base Year equal to Tenant's Building Expense Percentage multiplied by the difference between (a) the amount of Operating Expenses for such calendar year and (b) the amount of Operating Expenses for the Base Year. In no event shall the Annual Rental Adjustment for any year during the term hereof be less than zero.

2. "**Operating Expenses**" shall mean the amount of all of Landlord's direct costs and expenses paid or incurred (subject to a five percent (5%) cap on controllable operating expenses) in owning, managing, operating and maintaining the Building (including without limitation the Common Areas as defined in Section 19.3, and the parking facility which is part of the Building) for a particular calendar year as determined by Landlord in accordance with generally accepted accounting principles, consistently applied, including all additional direct costs and expenses of ownership, management, operation and maintenance of the Building which Landlord reasonably determines that it would have paid or incurred during such year if the Building had been ninety-five (95%) percent occupied, including by way of illustration and not limitation: all general real estate taxes and all special assessments levied against the Building (hereinafter called "**real estate taxes**"), other than penalties for late payment; costs and expenses of contesting the validity or amount of real estate taxes, including, without limitation, reasonable attorneys' fees; insurance premiums, water, sewer, electrical and other utility charges other than the separately billed electrical and other charges paid by Tenant as provided in this Lease; service and other charges incurred in the operation and maintenance of the elevators and the heating, ventilation and air-conditioning system; cleaning and other janitorial services; tools and supplies; repair costs; landscape maintenance costs; security services; license, permit and inspection fees; reasonable management fees (not to exceed four percent (4%)); wages and related employee benefits payable for the

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maintenance and operation of the Building; amortization of capital improvements made to the Building with the intention of reducing Operating Expenses or future increase in Operating Expenses amortized over a period consistent with generally accepted accounting principles, together with interest at the rate of six percent (6%) per annum on the unamortized balance thereof; and in general all other costs and expenses which would, under generally accepted accounting principles, be regarded as operating and maintenance costs and expenses (but not capital improvements. Operating Expenses shall not include: (1) administrative wages and salaries including wages and salaries of any employee above the grade of building manager; (2) renting commissions; (3) franchise taxes or income taxes of Landlord; (4) costs of improving, decorating and painting any space rented or intended to be rented to a tenant; (5) interest and amortization under mortgages; (6) attorneys' fees in connection with leasing activities, a sale or financing of the Building, or litigation with tenants, subtenants or other occupants of the Building; (7) any amounts included in Operating Expenses that are reimbursed or required to be reimbursed to Landlord by insurance proceeds or condemnation awards; (8) any amount included in Operating Expenses that are reimbursed or required to be reimbursed to Landlord by a tenant in the Building; (9) any fines, penalties, late payment charge, default charges or similar punitive amounts paid or incurred by Landlord in connection with, or as a result of, existing violations of applicable laws; (10) the costs of complying with any laws and regulations relating to hazardous materials (including fines, penalties and interest thereon) or compliance with Environmental Laws; (11) any amounts payable to an affiliate of Landlord to the extent such amounts are in excess of the amounts that would have been paid absent such relationship; (12) costs of repairs incurred by reason of fire or other casualty or condemnation; (13) depreciation of the Building; (14) that portion of the salaries of Landlord's employees which does not relate to services performed in or for the Building, and (15) sums paid to cause the Building to comply with all legal requirements and laws.

3. "**Building Expense Percentage**" shall mean the percentage specified in **Item C** of the Basic Lease Provisions.

4. "**Base Year**" shall mean calendar year 2014 as adjusted to reflect a ninety-five percent (95%) occupancy of a fully assessed building.

B. **Payment Obligation.** In addition to the Base Rent specified in this Lease, Tenant shall pay to Landlord as additional rent for the Premises, in each calendar year or partial calendar year, during the term of this Lease, an amount equal to the Annual Rental Adjustment for such calendar year.

1. **Payment of Estimated Annual Rental Adjustment.** The Annual Rental Adjustment shall be estimated annually by Landlord, and written notice thereof shall be given to Tenant. Tenant shall pay to Landlord each month, at the same time the Base Rent is due, an amount equal to one-twelfth (1/12) of the estimated Annual Rental Adjustment.

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2. **Increases in Estimated Annual Rental Adjustment.** If Landlord's estimate of Operating Expenses increases during a calendar year, Landlord may increase the estimated Annual Rental Adjustment during such year, by giving Tenant written notice to that effect, but only one time per calendar year, and thereafter Tenant shall pay to Landlord, in each of the remaining months of such year, an amount equal to the amount of such increase in the estimated Annual Rental Adjustment divided by the number of months remaining in such year.

3. **Adjustment to Actual Annual Rental Adjustment.** After the end of each calendar year, Landlord shall prepare and deliver to Tenant a statement showing the actual Annual Rental Adjustment for such calendar year. Within thirty (30) days after receipt of the aforementioned statement, Tenant shall pay to Landlord, or Landlord shall credit against the next rent payment or payments due from Tenant, or pay the same to Tenant within thirty (30) days if the statement is rendered after the expiration of the Lease as the case may be, the difference between the actual Annual Rental Adjustment for such calendar year and the estimated amount paid by Tenant during such year. If this Lease shall commence, expire or be terminated on any date other than the last day of a calendar year, then the Annual Rental Adjustment for such partial calendar year shall be prorated on the basis of the number of days during the year this Lease was in effect in relation to the total number of days in such year. The obligations of Landlord and Tenant under this Section 3.2B.3 shall survive the expiration or sooner termination of this Lease for a period of one (1) year.

4. **Tenant's Right to Audit.** Landlord shall retain and make available for inspection by Tenant all the records reflected in Landlord's statement of Operating Expenses as to each year for a period of 180 days after rendering a statement to Tenant (the "**Inspection Period**"), and Tenant shall be entitled, on reasonable notice, to inspect same at any time during the Inspection Period, at Landlord's office or any other office where such records may be located or stored, provided that Landlord shall have the right to change such address on notice to Tenant. In the event Tenant shall dispute Landlord's Statement, Tenant shall, within the Inspection Period, deliver to Landlord a statement ("**Tenant's Statement**") specifying the inaccuracies in Landlord's Statement, with reasonable detail. If Landlord and Tenant cannot, within thirty (30) days of Landlord's receipt of Tenant's Statement, resolve their differences, Landlord and Tenant shall, within fifteen (15) days thereafter, agree on a national certified public accounting firm to undertake a review thereof and to fix, in writing, the Operating Expenses and the Annual Rental Adjustment in accordance with the terms of this Lease (the "**Review**") which shall be final and binding on Landlord and Tenant. The certified public accounting firm shall be charged with completion of the Review within a thirty (30) day period. Where Landlord and Tenant cannot timely agree on a national certified public accounting firm for the foregoing, Landlord and Tenant shall each select a member of a national certified public accounting firm who shall be directed to select a national certified public accounting firm to undertake

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the Review. Where the result of the Review discloses a variation in Operating Expenses from that asserted by Landlord of five percent (5%) or more, the charges of the national certified public accounting firm shall be paid by Landlord and where the result of the Review discloses a variation in Operating Expenses from that asserted by Landlord of less than five (5%) percent, such charges shall be paid by Tenant. Tenant shall pay to Landlord any amounts in dispute pending resolution in accordance with the above procedure.

A. Landlord shall use commercially reasonable efforts to achieve competitive utility rates commensurate with rates achieved in the long term energy market for the Building and Premises. Commencing on the Commencement Date, Tenant shall pay to Landlord, as Additional Rent, electric charges for the Office Premises on account of Tenant's consumption of electrical energy in the Premises in the sum of \$33,509.00 per annum payable in equal monthly installments of \$2,792.42 (equivalent to \$1.75 per rentable square foot allocated to approximately 19,148 rentable square feet for the Office Premises) (the "**Electrical Inclusion Amount**"). Landlord shall provide the Premises with seven (7) watts of power per rentable square foot with respect to all office areas of the Premises. Tenant will, except for the purpose of office cleaning, use material amounts of electrical energy only during normal weekday operating hours of the Building. Accordingly, if from time to time Tenant makes material use of electricity during hours other than normal weekday operating hours of the Building, or if from time to time Tenant after completion of its initial installation adds or changes any machinery, appliances or equipment which increases the aggregate connected and consuming electrical load in the Office Premises, the Electrical Inclusion Amount and the Additional Rent shall from time to time be equitably adjusted to reflect the resulting actual increase in such consuming use. In addition, Landlord shall have the right to conduct a periodic survey of Tenant's actual connected and consuming electrical usage and increase the Electrical Inclusion Amount if the survey indicates the Tenant's actual connected and consuming usage of electricity exceeds the cost of \$1.75 per rentable square feet of the Office Premises. Landlord shall furnish a statement of Landlord's determination as to the amount of the adjustment, and the same shall become binding upon the parties unless, within sixty (60) days, Tenant notifies Landlord that it disputes the amount of such adjustment, in which event the parties shall in good faith make reasonable attempts to come to agreement, and, if Landlord and Tenant cannot agree thereon, the amount of such adjustment shall be determined, based on standard practices, by an independent electrical consultant selected by Landlord and approved by Tenant, such approval to not be unreasonably withheld or denied. Tenant shall permit said consultant to have access to the Premises and Tenant's electrical facilities for the foregoing purpose at all reasonable times, provided the same does not interfere with the conduct of Tenant's business in the Premises, and does not compromise Tenant's privacy or security in the Premises. The fee of such consultant shall be paid by Tenant unless such consultant finds that Tenant's use does not justify an increase in Additional Rent, in which case the fee shall be paid by Landlord. When the amount of such adjustment is so determined, Landlord and Tenant shall execute a supplementary agreement to reflect such adjustment, which shall be

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effective from the date of the increase of such connected and consuming usage as determined by such electrical consultant and shall be made retroactively if necessary. Any adjustment shall be effective even if such supplementary agreement (in form reasonably approved by Tenant) is not executed and delivered. Pending the determination of the adjustment, Tenant shall pay to Landlord the current, existing amount of such connected and consuming usage. Thereafter, if it is determined that Tenant has underpaid or overpaid, Tenant shall either pay the amount of such underpayment to Landlord within thirty (30) days of such determination, or receive a credit against Additional Rent in the amount of the overpayment, said credit to be applied against the next accruing installment(s) of Additional Rent.

B. Landlord reserves the right to discontinue furnishing electric energy to the Office Premises at any time upon not less than ninety (90) days notice to Tenant, provided Landlord either discontinues furnishing electric services to tenants occupying at least fifty (50%) percent of the rentable square footage in the Building or is required to discontinue such service as a result of legal requirements, in which event Tenant shall arrange to obtain electric service directly from the utility providing electric service to the Building. If Landlord exercises such right of termination, this Lease shall continue in full force and effect and shall be unaffected thereby, except only that, from and after the effective date of such discontinuance, Landlord shall not be obligated to furnish electric energy to Tenant, and the Additional Rent payable under this Lease shall be reduced by the Electrical Inclusion Amount then in effect. If Landlord discontinues furnishing electric energy to Tenant, Landlord shall, prior to the effective date of such discontinuance, at Landlord's expense, make such changes in panel boards, feeders, risers, wiring and other conductors and equipment to the extent required to permit Tenant to obtain electric energy directly from the public utility company

C. If any tax is imposed upon Landlord with respect to electrical energy furnished as a service to Tenant by any government authority, Tenant agrees that, where permitted by law or applicable regulations, Tenant's pro rata share of such taxes shall be reimbursed by Tenant to Landlord upon demand.

D. Landlord shall not in any way be liable or responsible to Tenant for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service is changed for Tenant's requirements. Tenant's use of electric current in the Office Premises shall not at any time exceed the capacity of any of the electrical conductors and facilities in or otherwise serving the Office Premises. In order to insure that such capacity is not exceeded and to avert any possible adverse effect upon the building's electric service, Tenant shall not, without Landlord's prior written consent in each instance, connect any fixtures, appliances or equipment (other than a reasonable number of table or floor lamps, typewriters, word processors, small computers, photocopy machines and similar small office machines using comparable electric current) to the Building's electric distribution system nor make any alteration or addition to the electric system of the Premises. Should Landlord grant such consent, all additional risers or other equipment required therefor shall be provided by Landlord upon notice to Tenant, and all costs and expenses in connection therewith, including, without limitation,

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those for filing and supervision, shall be paid by Tenant. As a condition to granting such consent, Landlord may require Tenant to agree to an increase in the Additional Rent by an amount which will reflect the value to Tenant of the additional service to be furnished by Landlord, to wit: the actual additional electrical current to be actually connected and consumed by Tenant based upon equipment actually installed and to be used in the Premises. If Landlord and Tenant cannot agree on the amount of such Additional Rent increase, the same shall be determined by a reputable electrical consultant, to be selected by Landlord and approved by Tenant, such approval not to be unreasonably withheld or denied, and paid by Tenant. The parties shall then execute an agreement prepared by Landlord amending this Lease and setting forth the new Additional Rent resulting from such increase and confirming the effective date thereof, but such increase shall be effective from such date even if such agreement is not executed.

Section 3.4 **Submeter for Vivarium, Laboratory.** Electricity service shall be provided to the Vivarium, laboratory and mechanical storage space located within the Premises by the public utility company supplying electricity service to the Building. Tenant's consumption of electricity service in the Premises shall be measured by a sub-meter to be installed therein by Landlord, at Landlord's sole cost and expense, and Tenant shall be responsible to pay for such consumption directly to Landlord, without any mark up or additional fee imposed by Landlord (the "**Sub-Meter Charges**"). The parties acknowledge and agree that consumption shall include all applicable taxes, surcharges, demand charges and rates, energy charges and rates, fuel adjustment

charges, time of day charges and other charges, adjustments and sums payable in respect thereof as assessed by the public utility company supplying electricity hereunder. Landlord shall not be liable to Tenant in any way for any interruption, curtailment or failure, or defect in the supply or character of electricity furnished to the portions of the Premises above by reason of any requirement, act or omission of Landlord or of any utility or other company servicing the Building with electricity or for any other reason except Landlord's gross negligence or willful misconduct. Except as set forth in Section 6.3 herein, if either the quantity or character of electrical service is changed by the utility or other company supplying electrical service to the Building or is no longer available or suitable for Tenant's requirements, no such change, unavailability or unsuitability shall constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord, or its agents, by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise.

Section 3.5 **Late Charges.** In the event Tenant fails to pay within ten (10) days after the same is due and payable any installment of Base Rent or any other sum or charge required to be paid by Tenant to Landlord under this Lease, such unpaid amount shall bear interest from the due date thereof to the date of payment at the lower of (a) the annual rate of five percentage points above the rate then most recently announced by Citibank, N.A., or its successor, as its corporate base lending rate, as such corporate base lending rate may change from time to time during the term of this Lease, or (b) the highest rate permitted under applicable law, whichever is less, until paid. The payment of such interest shall not excuse or cure any default of Tenant under this Lease.

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Section 3.6 **Additional Rent.** "Additional Rent" shall mean the amounts payable by Tenant on account of the Annual Adjustment Rental, the Electrical Inclusion Factor, the Sub-Meter Charges and all other amounts expressly identified as being Additional Rent payable by Tenant to Landlord under this Lease. The payment of Base Rent and Additional Rent hereunder is independent of each and every covenant and agreement contained in this Lease, and Base Rent and Additional Rent shall be paid without set-off, abatement, counterclaim or deduction whatsoever.

#### **ARTICLE 4**

#### **SECURITY DEPOSIT — INTENTIONALLY OMITTED**

#### **ARTICLE 5**

#### **OCCUPANCY AND USE**

Section 5.1 **Occupancy.** Tenant shall use and occupy the Premises for the purposes set forth in **Item K** of the Basic Lease Provisions and shall not use the Premises for any other purpose whatsoever.

Section 5.2 **Covenants of Tenant Regarding Use.** In connection with its use of the Premises, Tenant agrees to do the following:

A. Tenant shall (i) use and maintain the Premises and conduct its business thereon in a safe, careful, reputable and lawful manner, (ii) comply with all laws, rules, regulations, orders, ordinances, directions and requirements of any governmental authority or agency, now in force or which may hereafter be in force, including without limitation those which shall impose upon Landlord or Tenant any duty with respect to or triggered by a change in the Tenant's particular use or occupation of, or any improvement or alteration to, the Premises, (iii) comply with and obey all reasonable directions of the Landlord, including the Building's Rules and Regulations attached hereto as **Exhibit C** and as may be modified from time to time by Landlord on reasonable notice to Tenant, provided such Rules and Regulations are applied by Landlord in a uniform and non-discriminatory manner and do not materially increase Tenant's financial obligations under this Lease, and (iv) shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure or annoy them. Landlord shall not be responsible to Tenant for the non-performance by any other tenant or occupant of the Building of any of the Building Rules and Regulations.

B. Tenant shall not overload the floors of the Premises beyond their designed weight-bearing capacity. Landlord reserves the right to direct the positioning of all heavy equipment, furniture and fixtures which Tenant desires to place in the Premises so as to

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distribute properly the weight thereof, and to require the removal of any equipment or furniture which exceeds the weight limit specified herein.

C. Tenant shall not use the Premises, or allow the Premises to be used, for any purpose or in any manner which would, in Landlord's commercially reasonable opinion, invalidate any policy of insurance now or hereafter carried on the Building or increase the rate of premiums payable on any such insurance policy. Should Tenant fail to comply with this covenant, Landlord may, at its option, require Tenant to stop engaging in such activity or to reimburse Landlord as additional rent for any increase in premiums charged on the insurance carried by Landlord on the Premises and attributable to the use being made of the Premises by Tenant.

D. Tenant shall not inscribe, paint, affix or display any signs, advertisements or notices on the Building, except for such tenant identification information as Landlord permits to be included or shown on the directory board in the main lobby, on or adjacent to the access door or doors to the Premises and on the monument sign in the front of the Building.

Section 5.3 **Landlord's Rights Regarding Use.** In addition to the rights specified elsewhere in this Lease, Landlord shall have the following rights regarding the use of the Premises or the Common Areas by Tenant, its employees, agents, customers and invitees, each of which may be exercised without notice or liability to Tenant:

A. Landlord may install such signs, advertisements or notices or tenant identification information on the directory board or tenant access doors as it shall deem reasonably necessary or proper.

B. Landlord shall approve, which approval shall not be unreasonably withheld or denied, prior to installation, all types of drapes, shades and other window coverings used in the Premises, and may control all internal lighting that may be visible from outside the Premises.

C. Landlord shall approve, which approval shall not be unreasonably withheld or denied, all sign painting and lettering, mineral or drinking water, beverages, foods, towels, vending machines or toilet supplies used or consumed on the Premises and the Building, including the suppliers thereof.

D. Landlord may grant to any person the exclusive right to conduct any business or render any service in the Building, provided that such exclusive right shall not operate to limit Tenant from using the Premises for the use permitted in **Item K** of the Basic Lease Provisions.

E. Landlord may control the Common Areas in such manner as it deems necessary or proper, including without limitation, requiring all persons entering or leaving the Building to identify themselves and their business in the Building to a security guard; excluding or expelling any peddler, solicitor or loud or unruly person

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from the Building; and closing or limiting access to the Building or any part thereof, including entrances, corridors, doors and elevators, during times of emergency, repairs or after regular business hours.

Section 5.4 **Access to and Inspection of the Premises.** Landlord, its employees and agents and any mortgagee of the Building shall have the right to enter any part of the Premises at reasonable times, upon reasonable prior notice, but excluding the Vivarium or Laboratory for which a representative of Tenant must be present at all time, for the purposes of examining or inspecting the same, showing the same to prospective purchasers, mortgagees or tenants and making such repairs, alterations or improvements to the Premises or the Building as Landlord may deem necessary or desirable. If representatives of Tenant shall not be present to open and permit such entry into the Premises during an emergency situation that affects the life, health and safety of the Building and/or the Building's occupants, Landlord and its employees and agents may enter the Premises, including the Vivarium or the Laboratory by means of a master or pass key or otherwise, provided that Landlord gives immediate notice to Tenant's representative by telephone or e-mail. Tenant shall provide the name, telephone number and email address of Tenant's representative upon execution of this Lease, and in the event a new Tenant representative is appointed during the Term, Tenant shall notify Landlord in accordance with Article 17 herein. Landlord shall incur no liability to Tenant for such entry, nor shall such entry constitute an eviction of Tenant or a termination of this Lease, or entitle Tenant to any abatement of rent therefor, provided Landlord's access does not interfere with the conduct of Tenant's business in the Premises, and does not compromise Tenant's privacy or security in the Premises.

## **ARTICLE 6**

### **UTILITIES AND OTHER BUILDING SERVICES**

Section 6.1 **Services to be Provided.** Provided Tenant is not in default beyond any applicable cure period, Landlord shall furnish to Tenant, except as noted below, the following utilities and other building services to the extent reasonably necessary for Tenant's comfortable use and occupancy of the Premises for general office use or as may be required by law or directed by governmental authority:

A. Heating, ventilation and air-conditioning for the Office Premises between the hours of 8:00 a.m. and 6:00 p.m. Monday through Friday and 9:00 a.m. to 1:00 p.m. on Saturday of each week except on legal holidays. Landlord shall also furnish heat and air conditioning for the Office Premises at such other times as are not provided for above on not less than twenty-four (24) hours notice of Tenant's need for such additional heating or air conditioning, provided Tenant pays to Landlord overtime charges for such additional heating and air conditioning in the amount of \$75.00 per hour, which charges are subject to revision. Such charges shall be deemed Additional Rent under this Lease.

B. Electric current which shall be paid for by Tenant to Landlord as set forth in Article 3 above. At all times Tenant's use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installation;

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C. Water in the Common Areas for lavatory and drinking purposes;

D. Automatic elevator service;

E. Cleaning and janitorial service, including the supplying and installing of paper towels, toilet tissue and soap in the Common Areas on Monday through Friday of each week except legal holidays;

F. Washing of windows at intervals reasonably established by Landlord;

G. Maintenance of the Common Areas, including the removal of rubbish and snow; and

H. Repair and maintenance to the extent specified elsewhere in this Lease;

I. Tenant shall be entitled to utilize hot and cold water as needed in the Office Premises and to operate the cage washer, sinks and other small water usage appliances in the Laboratory and Vivarium provided such use does not materially and adversely affect the Building's operations and functionality;

J. Tenant shall have the right to utilize existing natural gas and electric service as needed for their business operations;

K. Tenant shall have the right to use Building heating hot water as part of the HVAC for the Lab and Vivarium provided there is excess capacity with no mark-up or additional fee imposed by Landlord;

L. Landlord to provide a lobby attendant during normal business hours and card key access for after hours as external security monitoring system

Section 6.2 **Additional Services.** If Tenant requests any other utilities or building services in addition to those identified above or any of the above utilities or building services in frequency, scope, quality or quantity greater than those which Landlord determines are reasonably required by other tenants in the Building for general office use, then Landlord shall use reasonable efforts to attempt to furnish Tenant with such additional utilities or building services. In the event Landlord is able to and does furnish such additional utilities or building services, the costs thereof shall be borne by Tenant, with no mark-up or additional fee imposed by Landlord, who shall reimburse Landlord monthly for the same as Additional Rent at the same time monthly installments of Base Rent and other Additional Rent is due.

If any lights, machines or equipment (including but not limited to computers) used by Tenant in the Premises materially affect the temperature otherwise maintained by the Building's air-conditioning system or generate substantially more heat in the Premises than that which would normally be generated by the lights and business machines typically used by other tenants in the Building or by tenants in comparable office buildings, then Landlord shall have the right to install any machinery or equipment which Landlord considers reasonably necessary in order to restore the temperature balance between the Premises and the rest of the Building, including

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equipment which modifies the Building's air-conditioning system. All costs expended by Landlord to install any such machinery and equipment and any additional costs of operation and maintenance occasioned thereby shall be borne by Tenant, who shall reimburse Landlord for the same as provided in this Section 6.2.

Tenant shall not connect any electrical equipment other than the business machines and equipment typically used for general office purposes by tenants in office buildings comparable to the Building (a computer not being an example of such a typical business machine with the exception of personal computers and word processors) without Landlord's prior written consent, which consent shall not be unreasonably withheld or denied. If Landlord determines that the electricity used by the equipment to be connected exceeds the designed load capacity of the Building's electrical system or is in any way incompatible therewith, then Landlord shall have the right, as a condition to granting its consent, to make such modifications to the electrical system or other parts of the Building or Premises, or to require Tenant to make such modifications to the equipment to be connected, as Landlord considers to be reasonably necessary before such equipment may be connected. The cost of any such modifications shall be borne by Tenant, who shall reimburse Landlord for the same (or any portion thereof paid by Landlord) as provided in this Section 6.2, with no mark-up or additional fee imposed by Landlord.

Section 6.3 **Interruption of Services.** Tenant understands, acknowledges and agrees that any one or more of the utilities or other building services identified in Section 6.1 may be interrupted by reason of accident, emergency or other causes beyond Landlord's control, or may be discontinued or diminished temporarily by Landlord or other persons until certain repairs, alterations or improvements can be made; that Landlord does not represent or warrant the uninterrupted availability of such utilities or building services, and that any such interruption shall not be deemed an eviction or disturbance of Tenant's right to possession, occupancy and use of the Premises or any part thereof, or render Landlord liable to Tenant for damages by abatement of rent or otherwise, or relieve Tenant from the obligation to perform its covenants under this Lease. Notwithstanding anything contained herein, if (a) there is an interruption or stoppage of any Building or mechanical system or utilities or other service and the cause or cure of such interruption is within Landlord's reasonable control (herein called a "Landlord Controlled Interruption"), and such interruption is not due to any negligence or willful misconduct by Tenant, (b) such Landlord Controlled Interruption materially and adversely interferes with Tenant's use of the premises (or a portion thereof) during business hours for more than five (5) consecutive business days after Tenant delivers written notice thereof to Landlord, and (c) Tenant actually does not use all or the affected portion of the Premises, if applicable, for the operation of Tenant's business therein, then during the period of time such condition continues beyond such fifth (5<sup>th</sup>) consecutive business day, Tenant shall be entitled to an equitable abatement of rent for all of the affected portion of the premises, as applicable. Such rent abatement shall cease immediately upon the earlier to occur of (i) the cessation of such Landlord Controlled Interruption or (ii) Tenant's re-commencement of use of all or the affected portion of the Premises, as applicable, for the operation of Tenant's business therein.

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## **ARTICLE 7**

### **REPAIRS, MAINTENANCE, ALTERATIONS, IMPROVEMENTS AND FIXTURES**

Section 7.1 **Repair and Maintenance of Building.** Subject to Section 7.2 and except for any repairs made necessary by the negligence, misuse, or default of Tenant, its employees, agents, customers and invitees, Landlord shall make all necessary repairs to the exterior walls, exterior doors, windows, corridors and other Common Areas, including repairs arising from latent defects and Landlord shall keep the Building in a safe, clean and neat condition and use reasonable efforts to keep all equipment used in common with other tenants, such as elevators, plumbing, heating, air conditioning and similar equipment, in good condition and repair in a manner consistent with Class A office buildings in the I-78 Western New Jersey Office Market. Except as provided in Article 8 and Article 10 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or in or to any fixtures, appurtenances and equipment therein or thereon, provided the same does not interfere with Tenant's use of the Premises or its access thereto or the conduct of Tenant's business in the Premises, and does not compromise Tenant's privacy or security in the Premises.

Section 7.2 **Repair and Maintenance of Premises.** Tenant shall, at its sole cost and expense, keep and maintain the Premises in good order, condition and repair, subject to ordinary wear and tear and damage which Tenant is not obligated to repair as provided elsewhere in this Lease.

Section 7.3 **Alterations or Improvements.** Tenant shall not make or permit alterations of or upon any part of the Premises or additions to the Premises, including Tenant's initial alterations to the Premises (collectively, "**Alterations**") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld. Tenant shall at its sole expense and cost, ensure that all Alterations shall be made in accordance with all applicable laws, rules, codes, ordinances and regulations in a good and workmanlike manner and in quality equal to or better than the original construction of the Premises or Building, and Tenant shall comply with such requirements as Landlord considers reasonably necessary or desirable. Before commencement of any Alterations or delivery of any materials unto the Premises or the Building, Tenant shall furnish to Landlord, for its prior written approval, which approval shall not be unreasonably withheld, delayed or denied, plans and specifications certified by a licensed architect or engineer approved by Landlord, which approval shall not be unreasonably withheld, delayed or denied, and such other documentation as Landlord shall reasonably request in connection with the Alterations. Landlord's consent to any such Alterations shall create no responsibility or liability on the part of Landlord for the completeness, design,

sufficiency, or compliance with laws, rules, codes, ordinances, or regulations of such Alterations or the plans, specifications or working drawings therefor. Tenant shall promptly pay all costs attributable to such Alterations (including, without limitation, Landlord's reasonable costs of reviewing plans and materials submitted to Landlord for approval) and shall promptly repair any damage to the Premises, Building or Common Areas caused by or resulting from such Alterations. Any such Alterations shall remain for the benefit of Landlord, provided, however, that Landlord may elect

at the time Landlord grants its approval of any Alterations to be made by Tenant, to require that Tenant, at its expense, remove at the expiration or earlier termination of this Lease all or a portion of the Alterations made by Tenant and repair any damage caused by such removal. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease for a period of one (1) year.

Notwithstanding the foregoing, during each Lease Year Tenant shall be permitted to perform non-structural Alterations costing no less than \$25,000.00 without Landlord's consent, but upon notice to Landlord.

If Landlord permits Tenant to perform any Alterations, then in addition to the requirements set forth above in this Section 7.3, the following shall apply: (i) prior to the commencement of the Alterations or the delivery of any materials to the Building, Tenant shall submit to Landlord, for Landlord's approval, which approval shall not be unreasonably withheld, delayed or denied, copies of the contracts, names, and addresses of all contractors, necessary permits and licenses, certificates of insurance (including, without limitation, Workmen's Compensation, comprehensive general liability and adequacy of design insurance) and instruments of indemnification and waivers of lien against any and all claims, costs, expenses, damages and liabilities which may arise in connection with the Alterations, all in such form and amount as shall be reasonably satisfactory to Landlord; (ii) all such Alterations shall be done only by contractors or mechanics approved by Landlord (which approval shall not be unreasonably withheld) and at such time and in such manner as Landlord may from time to time reasonably designate; (iii) upon completion of any Alterations, Tenant shall furnish Landlord with as-built plans, contractors' affidavits, full and final waivers of lien, receipted bills covering all labor and materials expended and used in connection with such Alterations; and (iv) all such Alterations shall comply with all insurance requirements, all laws, ordinances, rules and regulations of all governmental authorities, and all collective bargaining agreements applicable to the Building, and shall be done in a good and workmanlike manner and with the use of good grades of materials.

Tenant shall indemnify and save harmless Landlord from all costs, loss or expense in connection with Alterations, unless caused by or due to the negligence or willful misconduct of Landlord, its agents or employees occurring within the scope of their respective employments without negligence on the part of Tenant. No person shall be entitled to any lien directly or indirectly derived through or under Tenant or through or by virtue of any act or omission of Tenant upon the Premises for any improvements or fixtures made thereon or installed therein or for or on account of any labor or material furnished to the Premises or for or on account of any matter or thing whatsoever; and nothing in this Lease contained shall be construed to constitute a consent by Landlord to the creation of any lien. In the event any lien is filed against the Premises, or any part thereof, for work claimed to have been done for or material claimed to have been furnished to Tenant, Tenant shall cause such lien to be discharged of record within thirty (30) days after filing by bonding or as provided or required by law or in any other lawful manner. Tenant shall indemnify and save harmless Landlord from all costs, losses, expenses, and attorneys' fees in connection with any such lien.

Section 7.4 **Trade Fixtures**. Except as otherwise set forth in Section 2.5(B) above, any trade fixtures installed on the Premises by Tenant at its own expense, such as movable partitions, counters, shelving, showcases, mirrors and the like, may, and, at the request of Landlord, shall be removed on the expiration or earlier termination of this Lease, provided that Tenant is not then in default, that Tenant bears the cost of such removal, and further that Tenant repairs at its own expense any and all damage to the Premises resulting from such removal. If Tenant fails to remove any and all such trade fixtures from the Premises on the expiration or earlier termination of this Lease, all such trade fixtures shall become the property of Landlord unless Landlord elects to require their removal, in which case Tenant shall, at its expense, promptly remove the same and restore the Premises to their prior condition.

Section 7.5 **Tenant's Construction Schedule**. In connection with Tenant's performance of Tenant's initial Alterations in the Premises, Tenant shall comply with the following schedule:

- A. Tenant to submit 50% drawings for Landlord's review simultaneously with the execution of this Lease.
- B. Tenant's construction manager to submit 95% drawings for sub-contractor bids by May 24, 2013.
- C. Tenant's construction manager to submit permit application package to the governmental authority having jurisdiction over the Premises (Union Township) by May 31, 2013.
- D. Tenant's construction manager to award sub-contracts for major trades by June 21, 2013.
- E. Tenant to receive permit approvals by June 26, 2013.
- F. Tenant's construction manager to complete construction by November 15, 2013 (or 20 weeks/140 days after permit approval).

## **ARTICLE 8**

### **FIRE OR OTHER CASUALTY; CASUALTY INSURANCE**

Section 8.1 **Fire and Other Casualty**. If the Premises or the Building are made untenable by fire or other casualty, including damage or casualties of war, Landlord shall, to the extent permitted by all mortgages and ground leases on the Building, immediately take such action as is necessary to make applicable insurance proceeds available and to use the same to reconstruct, repair and restore the Building and the Premises, including the tenant improvements, if any, performed by Landlord pursuant to Landlord's Work or, if the Premises have been leased on an "as is" basis and accordingly no tenant improvements were performed by Landlord in the Premises, to similar improvements located in the Premises on the date of this Lease, and, at

Landlord's option, Tenant may be permitted or required to devote the proceeds of its insurance covering tenant improvements to cause restoration of tenant improvements over and above those performed or paid for by Landlord pursuant to Landlord's Work or "as is," as the case may be, and pay for same to Landlord or through Landlord as if newly done pursuant to Section 5 of this Lease. In the event fire or other casualty occurs and both Landlord and Tenant are insured, it is agreed that the coverage of the Landlord shall be primary and that Landlord's recovery in no event shall be reduced by any insurance recovery to Tenant. Notwithstanding anything in this Section 8.1 to the contrary, if a registered architect selected by Landlord licensed to do business in New Jersey should certify that such work to the Premises cannot be accomplished by using standard working methods and procedures so as to make the Premises tenantable within twelve (12) months from the date the rehabilitation is started or within two (2) months from such date if the Lease term has less than eighteen (18) months remaining, either party shall have the right to terminate this Lease by giving to the other notice of such election within ten (10) days after its receipt of the architect's certificate. If said fire or other casualty results in total destruction of the Building, this Lease shall automatically terminate as of the date of said fire or other casualty. In case of fire or other casualty not resulting in termination of this Lease, rent shall be abated on a per diem basis while the Premises are untenable. If Tenant continues to conduct its business or profession in whole or in part from a portion of the Premises after such casualty, rent for space shall be abated pro rata with rent being charged only for the tenantable area. In case of termination of this Lease, rent shall be apportioned on a per diem basis and be paid to the date of the fire or other casualty.

Section 8.2 **Casualty Insurance.** Landlord shall at all times during the Lease Term carry a policy of insurance which insures the Building, including the Premises, against loss or damage by fire or other casualty (namely, the perils against which insurance is afforded by a standard fire insurance policy and extended coverage endorsement); provided, however, that Landlord shall not be responsible for, and shall not be obligated to insure against, any loss of or damage to any personal property of Tenant or which Tenant may have in the Building or the Premises or any trade fixtures installed by or paid for by Tenant on the Premises or any additional improvements which Tenant may construct on the Premises, and Landlord shall not be liable for any loss or damage to such property, regardless of cause, including the negligence of Landlord and its employees, agents, customers and invitees. If the Alterations made by Tenant pursuant to Section 7.3 result in an increase in the premiums charged during the Lease Term on the casualty insurance carried by Landlord on the Building, then the cost of such increase in insurance premiums shall be borne by Tenant, who shall reimburse Landlord for the same as Additional Rent within thirty (30) days after being separately billed therefor.

Section 8.3 **Waiver of Subrogation.** Landlord and Tenant hereby release each other and each other's employees, agents, customers and invitees from any and all liability for any loss of or damage or injury to person or property occurring in, on or about or to the Premises, the Building or personal property within the Building by reason of fire or other casualty or any other risk which is or which is required to be insured against under this Lease, regardless of cause, including the negligence of Landlord or Tenant and their respective employees, agents, customers and invitees, and agree that all insurance carried by either of them shall contain a clause whereby the insurer waives its right of subrogation against the other party. Because the provisions of this Section 8.3 are intended to preclude the assignment of any claim mentioned

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herein by way of subrogation or otherwise to an insurer or any other person, each party to this Lease shall give to each insurance company which has issued to it one or more policies of fire and extended coverage insurance notice of the provisions of this Section 8.3 and have such insurance policies properly endorsed, if necessary, to prevent the invalidation of such insurance by reason of the provisions of this Section 8.3.

## **ARTICLE 9**

### **GENERAL PUBLIC LIABILITY, INDEMNIFICATION AND INSURANCE**

Section 9.1 **Waiver and Release.** To the extent not expressly prohibited by law, Tenant releases Landlord, its mortgagees and their respective agents, partners, officers, servants and employees, from and waives all claims for damages to person or property sustained by Tenant or by any occupant of the Premises or the Building, or by any other person, resulting directly or indirectly from fire or other casualty, cause or any existing or future condition, defect, matter or thing in the Premises, the Building or any part thereof, or from any equipment or appurtenance herein, or from any accident in or about the building, or from any act or neglect of any tenant or other occupant of the Building or of any other person, including agents, partners, officers, servants and employees of Landlord. This Section shall apply especially, but not exclusively, to damage caused by water, snow, frost, steam, excessive heat or cold, sewerage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, falling plaster, broken glass, sprinkling or air conditioning devices or equipment, or flooding of basements, and shall apply without distinction as to the person whose act or neglect was responsible for the damage and whether the damage was due to any of the acts specifically enumerated above, or from any other thing or circumstance, whether of a like nature or of a wholly different nature. If any damage to the Premises or the Building or any equipment of appurtenance therein, whether belonging to Landlord or to other tenants in the Building, results from any act or neglect of Tenant, its employees, agents, guests or invitees, Tenant shall be liable therefor and Landlord may, at its option, repair such damage, and Tenant shall upon demand by Landlord reimburse Landlord for all costs of such repairs and damages in excess of amounts, if any, paid to Landlord under insurance covering such damages. All personal property belonging to Tenant or any occupant of the Premises that is in the Premises or the Building shall be there at the risk of Tenant or other person only and Landlord shall not be liable for damage thereto or theft or misappropriation thereof.

Section 9.2 **Indemnity.** To the extent not expressly prohibited by law, Tenant agrees to hold harmless and indemnify Landlord, its mortgagees and their respective agents, partners, officers, servants and employees against claims and liabilities, including reasonable attorneys' fees, for injuries to all persons and damage to or theft or misappropriation or loss of property occurring in or about the Premises arising from Tenant's occupancy of the Premises or the conduct of its business or from activity, work, or thing done, permitted or suffered by Tenant in or about the Premises, or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease or due to any other act or omission of Tenant, its agents or employees. In the event any action or proceeding is brought against Landlord, its mortgagee or their respective agents,

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partners, officers, servants or employees by reason of any such claims, then, upon notice from Landlord, Tenant covenants to defend such action or proceeding by counsel reasonably satisfactory to Landlord.

Section 9.3 **Tenant's Insurance.** Tenant, in order to enable it to meet its obligation to insure against the liabilities specified in this Lease, shall at all times during the Lease Term carry, at its own expense, one or more policies of general public liability and property damage insurance, issued by one or more insurance companies acceptable to Landlord, with the following minimum coverages:

- A. Worker's Compensation — minimum statutory amount.
- B. Comprehensive General Liability Insurance, including Blanket, Contractual Liability, Broad Form Property Damage, Personal Injury, Completed Operations, Products Liability, Fire Damage.
  - Not less than \$5,000,000 Combined Single Limit for both bodily injury and property damage.
- C. Fire and Extended Coverage, Vandalism and Malicious Mischief, and Sprinkler Leakage insurance, for the full cost of replacement of Tenant's property.
- D. Business Interruption Insurance equivalent to no less than twelve (12) months of Base Rent.

Such insurance policy or policies shall protect Tenant and Landlord as their interests may appear, naming Landlord and Landlord's managing agent and mortgagee as additional insureds and shall provide that they may not be canceled on less than thirty (30) days prior written notice to Landlord. Tenant shall furnish Landlord with Certificates of Insurance evidencing such coverage within thirty (30) days after a request to do so. Should Tenant fail to carry such insurance and furnish Landlord with such Certificates of Insurance, Landlord shall have the right, but not the obligation, to obtain such insurance and collect the cost thereof from Tenant as additional rent.

Section 9.4 **Landlord's Responsibility.** Landlord shall assume the risk of, be responsible for, have the obligation to insure against, and indemnify Tenant and hold it harmless from, any and all liability for any loss of or damage or injury to person (including death resulting therefrom) or property (other than Tenant's property as provided in Section 8.2) occurring in, on or about the Common Areas, regardless of cause, except for that caused by the sole negligence of Tenant and its employees, agents, customers and invitees; and Landlord hereby releases Tenant from any and all liability for the same. Landlord's obligation to indemnify Tenant hereunder shall include the duty to defend against any claims asserted by reason of such loss, damage or injury and to pay any judgments, settlements, costs, fees and expenses, including attorneys, fees, incurred in connection therewith.

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## ARTICLE 10

### EMINENT DOMAIN

If the whole or any part of the Premises shall be taken for public or quasi-public use by a governmental or other authority having the power of eminent domain or shall be conveyed to such authority in lieu of such taking, and if such taking or conveyance shall cause the remaining part of the Premises to be untenable, inadequate for use by Tenant for the purpose for which they were leased and shall not be reasonably sufficient for Tenant to continue feasible operation of its business, or Tenant shall not have reasonable access to the Premises, then either Landlord or Tenant may, at their respective option, terminate this Lease as of the date Tenant is required to surrender possession of the Premises by giving written notice of such termination to the other party. If a part of the Premises shall be taken or conveyed but the remaining part is tenable and adequate for Tenant's use, then this Lease shall be terminated as to the part taken or conveyed as of the date Tenant surrenders possession; Landlord shall make such repairs, alterations and improvements as may be necessary to render the part not taken or conveyed tenable to the extent the condemnation award proceeds received by Landlord are sufficient therefor; and the rent shall be reduced in proportion to the part of the Premises so taken or conveyed. All compensation awarded for such taking or conveyance shall be the property of Landlord without any deduction therefrom for any present or future estate of Tenant, and Tenant hereby assigns to Landlord all its right, title and interest in and to any such award. However, Tenant shall have the right to recover from such authority, but not from Landlord, such compensation as may be awarded to Tenant on account of moving and relocation expenses and depreciation to and removal of Tenant's property, so long as such award to Tenant does not reduce any award payable to Landlord.

## ARTICLE 11

### LIENS

If, because of any act or omission of Tenant or any person claiming by, through, or under Tenant, any mechanic's lien or other lien shall be filed against the Premises or the Building or against other property of Landlord (whether or not such lien is valid or enforceable as such), Tenant shall, at its own expense, cause the same to be discharged of record within thirty (30) days after the date of filing thereof, and shall also indemnify Landlord and hold it harmless from any and all claims, losses, damages, judgments, settlements, costs and expenses, including, without limitation, reasonable attorneys' fees, resulting therefrom or by reason thereof. Landlord may, but shall not be obligated to, pay the claim upon which such lien is based so as to have such lien released of record; and, if Landlord does so, then Tenant shall pay to Landlord, as additional rent, within thirty (30) days of demand, the amount of such claim, plus all other costs and expenses incurred in connection therewith, plus interest thereon at the rate of eight percent (8%) per annum until paid.

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## ARTICLE 12

### RENTAL, PERSONAL PROPERTY AND OTHER TAXES

Tenant shall pay before delinquency any and all taxes, assessments, fees or charges, including any sales, gross income, rental, business occupation or other taxes, levied or imposed upon Tenant's business operations in the Premises and any personal property or similar taxes levied or imposed upon Tenant's trade fixtures, leasehold improvements or personal property located within the Premises. In the event any such taxes, assessments, fees or charges are charged to the account of, or are levied or imposed upon the property of Landlord, Tenant shall reimburse Landlord for the same as additional rent.



Notwithstanding the foregoing, Tenant shall have the right to contest in good faith any such item and to defer payment until after Tenant's liability therefor is finally determined.

If any tenant finish improvements, trade fixtures, alterations or improvements or business machines and equipment located in, on or about the Premises, regardless of whether they are installed or paid for by Landlord or Tenant and whether or not they are affixed to and become a part of the realty and the property of Landlord, are assessed for real property tax purposes at a valuation higher than that at which other such property in other leased space in the Building is assessed, then Tenant shall reimburse Landlord as additional rent for the amount of real property taxes shown on the appropriate county official's records as having been levied upon the Building or other property of Landlord by reason of such excess assessed valuation, within thirty (30) days of demand therefor.

## ARTICLE 13

### ASSIGNMENT AND SUBLETTING

Section 13.1 **Assignment and Subletting**. Tenant shall not, except as hereinafter provided, (i) assign, mortgage, pledge, hypothecate, encumber or in any manner transfer this Lease or any estate or interest therein, or (ii) permit any assignment of this Lease or any estate or interest therein by operation of law, or (iii) sublease the Premises or any part thereof; or (iv) grant any license, concession, or other right of occupancy of any portion of the Premises, or (v) permit the use of the Premises by any party other than Tenant, its agents and employees (each of the events described in clauses (i) through (v) being referred to herein as a "**Transfer**"). Notwithstanding the foregoing, Landlord agrees not to unreasonably withhold, delay, deny or condition consent to any assignment of this Lease or subletting of all or a portion of the Premises, provided (a) Tenant is not then in default under this Lease beyond any applicable cure period, (b) Landlord, in its sole discretion reasonably exercised, determines that the reputation, business, proposed use of the Premises and financial responsibility of the proposed assignee or sublessee, are satisfactory to Landlord, (c) the proposed assignee or sublessee shall expressly assume all the obligations of this Lease on Tenant's part to be performed, (d) such consent, if given, shall not release Tenant of any of its obligations under this Lease, including without limitation, its obligation to pay rent, (e) Tenant agrees specifically to pay over to Landlord, as Additional Rent, fifty percent (50%) of all sums provided to be paid under the terms and conditions of such assignment or sublease which are in excess of the amounts otherwise required

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to be paid pursuant to this Lease less the then net unamortized or undepreciated cost of any of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property determined on the basis of Tenant's federal income tax returns, as well as all net costs incurred by Tenant in connection with such transaction, including without limitation, broker's commissions, and (f) Tenant shall indemnify and hold Landlord harmless from any claims for brokerage commissions due in connection with such assignment or subletting. Consent by Landlord to one or more Transfers shall not operate as a waiver of Landlord's right to approve all subsequent Transfers. Any Transfer without Landlord's prior written consent shall be void and shall, at the option of Landlord, constitute a Default under this Lease. Neither this Lease nor any interest therein shall be assignable as to the interest of Tenant by operation of law without consent of Landlord, which consent may be arbitrarily withheld. In the event that Tenant shall request Landlord to consent to any Transfer, Tenant shall reimburse Landlord on demand for all of Landlord's costs and expenses in connection therewith, including, without limitation, reasonable attorneys' fees incurred by Landlord in the amount of \$2,000.00. Notwithstanding any Transfer consented to by Landlord, Tenant (and every guarantor of Tenant's obligation under this Lease) shall at all times remain fully liable for the payment of the rent herein specified and for compliance with all of Tenant's other obligations under this Lease and any amendments hereto and extensions of the term hereof.

Section 13.2 **Recapture Election**. Intentionally Omitted.

Section 13.3 **Tenant's Remedy**. Tenant agrees that in the event Landlord withholds its consent to any Transfer contrary to the provisions of this Article 13, Tenant's sole remedy shall be to seek an injunction in equity or compel performance by Landlord to give its consent and Tenant expressly waives any right to damages in the event of such withholding by Landlord of its consent.

Section 13.4 **Permitted Transfers**.

A. If Tenant is a corporation, partnership or limited liability entity other than a corporation whose stock is listed and traded on a nationally recognized stock exchange (hereinafter referred to as a "public corporation"), the provisions of Section 13.1 shall apply to a transfer (by one or more transfers) of a majority of the stock, partnership or membership interests of Tenant as if such transfer of a majority of the stock of Tenant were an assignment of this Lease; but said provisions shall not apply to transactions with a corporation or limited liability entity into or with which Tenant is merged or consolidated or to which substantially all of Tenant's assets are transferred, provided that such merger, consolidation or transfer of assets is for a valid business purpose and not principally for the purpose of transferring the leasehold estate created hereby, and provided further, that in any of such events (a) the successor to Tenant has a net worth computed in accordance with generally accepted accounting principles at least equal to the net worth of Tenant immediately prior to such merger, consolidation or transfer, and (b) proof satisfactory to Landlord of such net worth shall have been delivered to Landlord at least ten (10) days prior to the effective date of any such transaction.

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B. Tenant may, without Landlord's consent, but upon written notice to Landlord, permit any corporations or other business entities which control, are controlled by, or are under common control with Tenant (herein referred to as "related corporation") to sublet all or part of the Premises for any of the purposes permitted to Tenant, subject however to compliance with Tenant's obligations under this Lease. Such subletting shall not be deemed to vest in any such related corporation any right or interest in this Lease or the Premises nor shall it relieve, release, impair or discharge any of Tenant's obligations hereunder. For the purposes hereof, "control" shall be deemed to mean ownership of not less than fifty percent (50%) of all of the voting stock of such corporation or not less than fifty percent (50%) of all of the legal and equitable interest in any other business entities.

## ARTICLE 14

### TRANSFERS BY LANDLORD

Section 14.1 **Sale and Conveyance of the Building.** Landlord shall have the right to sell and convey the Building at any time during the Lease Term, subject only to the rights of Tenant hereunder; and such sale and conveyance shall operate to release Landlord from liability hereunder after the date of such conveyance as provided in Section 15.4.

Section 14.2 **Subordination.** Tenant's rights under this Lease are and shall always be subordinate to the operation and effect of any mortgage, deed of trust, ground lease or master lease now or hereafter placed upon or governing the Building. This clause shall be self-operative, and no further instrument of subordination shall be required. In confirmation thereof, Tenant shall execute such further assurance as may be required. Any mortgagee, ground lessor or trustee under any such mortgage, deed of trust, ground lease or master lease may elect that this Lease shall have priority over its mortgage, deed of trust, ground lease or master lease; and upon notification to Tenant of such election by such mortgagee, ground lessor or trustee, this Lease shall be deemed to have priority over said mortgage, deed of trust, ground lease or master lease whether this Lease is dated prior to or subsequent to the date of such mortgage, deed of trust, ground lease or master lease. Notwithstanding the foregoing, no default by Landlord under any such mortgage, deed of trust, ground lease or master lease shall affect Tenant's rights hereunder so long as Tenant is not in default under this Lease beyond any applicable cure period. Tenant hereby attorns to any successor to Landlord's interest in this Lease and shall recognize such successor as Landlord hereunder. Tenant agrees to execute and deliver within twenty (20) days after Landlord's request, all instruments as may be reasonably required by such successor to confirm such attornment. Notwithstanding anything contained in this Lease, the subordination of this Lease to any superior lease or superior mortgage now or hereafter placed upon or to encumber the property, and to any renewals, modifications, extensions and refinancing of any superior lease or superior mortgage now or hereafter placed upon or to encumber the property, and Tenant's agreement to attorn to any superior lessee or superior mortgagee under a superior lease or a superior mortgage, shall be conditioned upon and subject to such superior lessee or superior mortgagee entering into a subordination, non-disturbance and attornment agreement ("**SNDA**") in form and substance then customarily used by such superior lessee or superior mortgagee, stating that so long as this Lease shall be in effect and Tenant shall not be in default hereunder beyond any applicable cure period that (i) Tenant shall not be named or joined in any

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action or proceeding to foreclose any such superior lease or superior mortgage (unless Tenant is deemed a necessary party under any law then in effect, in which case Tenant's interest in the premises shall not, in any case, be foreclosed) and (ii) such action or proceeding shall not result in a cancellation or termination of this Lease, and (iii) if the holder of any such superior lease or superior mortgage becomes the owner of the fee or the assignee of any superior lease or if the -property shall be sold as a result of any action or proceeding to foreclose such superior mortgage, this Lease shall continue in full force and effect as a direct lease between Tenant and the then owner of the fee or the then lessee of such superior lease, or such purchaser of the property, as the case may be, upon all of the obligations of this Lease. Tenant agrees to reimburse Landlord, within thirty (30) days of written demand for any costs and expenses incurred by Landlord up to the amount of \$1,000.00, in connection with obtaining said non-disturbance agreement in favor of Tenant.

## **ARTICLE 15**

### **DEFAULTS AND REMEDIES**

Section 15.1 **Defaults by Tenant.** The occurrence of any one or more the following events shall be a default under and breach of this Lease by Tenant:

- A. Tenant shall fail to pay any installment of Base Rent or any Additional Rent when the same shall be due and payable, or any other amounts due Landlord from Tenant as additional rent or otherwise within ten (10) days after the same shall be due and payable.
- B. Tenant shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days after notice thereof from Landlord; provided, however, that if the term, condition, covenant or obligation to be performed by Tenant is of such nature that the same cannot reasonably be performed within such ten-day period, such default shall be deemed to have been cured if Tenant commences such performance within said ten-day period and thereafter diligently undertakes to complete the same and does so complete the required action within a reasonable time, but not more than one hundred twenty (120) days after Landlord's notice in any event.
- C. Tenant shall effectuate a Transfer in violation of Article 13 hereof.
- D. A trustee or receiver shall be appointed to take possession of substantially all of Tenant's assets in, on or about the Premises or of Tenant's interest in this Lease (and Tenant does not regain possession within sixty (60) days after such appointment); Tenant makes an assignment for the benefit of creditors; or substantially all of Tenant's assets in, on or about the Premises or Tenant's interest in this Lease are attached or levied under execution (and Tenant does not discharge the same within sixty (60) days thereafter).

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E. A petition in bankruptcy, insolvency, or for reorganization or arrangement is filed by or against Tenant pursuant to any federal or state statute (and, with respect to any such petition filed against it, Tenant fails to secure a stay or discharge thereof within sixty (60) days after the filing of the same).

Section 15.2 **Remedies of Landlord.** Upon the occurrence of any event of default set forth in Section 15.1, Landlord shall have the following rights and remedies, in addition to those allowed by law, any one or more of which may be exercised without further notice to or demand upon Tenant:

A. Landlord may apply the Security Deposit or re-enter the Premises and cure any default of Tenant, in which event Tenant shall reimburse Landlord as additional rent for any costs and expenses which Landlord may incur to cure such default; and Landlord shall not be liable to Tenant for any loss or damage which Tenant may sustain by reason of Landlord's action, regardless of whether caused by Landlord's negligence or otherwise.

B. Landlord may elect to terminate this Lease and Tenant's right to the Premises or, without terminating this Lease, forthwith terminate Tenant's right to possession of the Premises. Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises and deliver

possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises with process of law in the event of any such termination of this Lease or right to possession, and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove any and all property therefrom using such force as may be necessary without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's rights to rent or any other right given to Landlord hereunder or by operation of law.

C. Landlord may at Landlord's option enter into the Premises, remove Tenant's signs and other evidences of tenancy, and take and hold possession thereof as in subparagraph B of this Section 15.2, without such entry and possession terminating the Lease or releasing Tenant, in whole or in part, from Tenant's obligation to pay the rent hereunder for the full term. Upon and after entry into possession without termination of this Lease, subject to Landlord's right to first rent other vacant areas in the Building, Landlord may relet the Premises or any part thereof to any person, firm or corporation other than Tenant for such rent, for such time and upon such terms as Landlord in Landlord's sole discretion shall determine. Any proceeds from the relet of the Premises by Landlord shall first be applied against the cost and expenses of reletting the Premises including, but not limited to, all brokerage, advertising, legal, alteration, and other reasonably necessary expenses incurred to secure a new tenant for the Premises. If the consideration collected by Landlord upon any such reletting after payment of the expenses of reletting the Premises is not sufficient to pay monthly the full amount of the rent reserved in this Lease, Tenant shall pay to Landlord the amount of each monthly

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deficiency as it becomes due upon demand. If the consideration collected by Landlord upon any such reletting after payment of the expenses of reletting the Premises is greater than the amount necessary to pay the full amount of the rent reserved in this Lease, the full amount of such excess shall be retained by Landlord and shall in no event be payable to Tenant.

D. If the Landlord shall decide to terminate this Lease, Landlord, at its sole option, shall be entitled to recover from Tenant, in lieu of any amounts due under Section 15.2C hereof, and Tenant shall pay to Landlord, on demand, as and for liquidated and agreed final damages, a sum equal to the amount by which Landlord's reasonable estimate of the aggregate amount of Base Rent and Annual Rental Adjustment for a period from the date of such termination through the scheduled expiration date of this Lease, exceeds the then reasonable rental value of the Premises for the same period, both discounted to present worth at the rate of five percent (5%) per annum. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises, or any part thereof, shall have been relet by Landlord for such period, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

E. Notwithstanding anything in this Lease to the contrary, any and all remedies set forth in this Lease (i) shall be in addition to any and all other remedies Landlord may have at law or in equity, (ii) shall be cumulative and (iii) may be pursued successively or concurrently as the Landlord may elect. The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same, or any other term, covenant or condition herein contained. The acceptance of rent hereunder shall not be construed to be a waiver of any breach by Tenant of any term, covenant or condition of this Lease.

F. Notwithstanding any provision in this Lease permitting Tenant to cure any default within a specified period of time, if Tenant shall default (i) in the timely payment of rent (whether any or all of Base Rent or Annual Rental Adjustment) two (2) or more times in any period of twelve (12) consecutive months, or (ii) in the performance of any particular term, condition or covenant of this Lease two (2) or more times in any period of six (6) consecutive months, then, notwithstanding that such defaults shall have each been cured within any applicable cure period after notice, if any, as provided in this Lease, any further similar default (including, without limitation, with respect to non-payment of rent, the further non-payment of any kind of rent payable under this Lease) shall not be curable by Tenant and Landlord shall have all of the remedies provided in this Lease (including, without limitation, any and all remedies at law and in equity) for a default hereunder. Furthermore, if Tenant shall default in the timely payment of rent (whether any or all of Base Rent or Annual Rental Adjustment) two (2) or more times in any period of twelve (12) consecutive months, Tenant shall, within five (5) days after receipt of Landlord's written demand therefor, deposit with Landlord as security for Tenant's further obligations under this Lease, a sum equal to

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two (2) months Base Rent and Annual Rental Adjustment as calculated by Landlord, which sum shall be held and applied by Landlord as a security deposit hereunder in addition to any other security deposit required hereunder.

G. Landlord may sue for injunctive relief or to recover damages for any loss resulting from the breach.

Section 15.3 **Default by Landlord and Remedies of Tenant.** It shall be a default under and breach of this Lease by Landlord if it shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days after notice thereof from Tenant; provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is of such nature that the same cannot reasonably be performed within such thirty-day period, such default shall be deemed to have been cured if Landlord commences such performance within said thirty-day period and thereafter diligently undertakes to complete the same. Upon the occurrence of any such default, Tenant may sue for injunctive relief or recover direct damages for any loss resulting from the breach, and Tenant shall be permitted to exercise all other rights and remedies under this Lease, at law and in equity.

Section 15.4 **Limitation of Landlord's Liability.** If Landlord shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease as provided in Section 15.3 and if Tenant shall, as a consequence thereof, recover a money judgment against Landlord, Tenant agrees that it shall look solely to Landlord's right, title and interest in and to the Building for the collection of such judgment; and Tenant further agrees that no other assets of Landlord shall be subject to levy, execution or other process for the satisfaction of Tenant's judgment and that Landlord shall not be liable for any deficiency.

The references to "Landlord" in this Lease shall be limited to mean and include only the owner or owners, at the time, of the fee simple interest in the Building. In the event of a sale or transfer of such interest (except a mortgage or other transfer as security for a debt), the "Landlord" named herein, or, in the case of a subsequent transfer, the transferor, shall, after the date of such transfer, be automatically released from all liability for the performance or

observance of any term, condition, covenant or obligation required to be performed or observed by Landlord hereunder; and the transferee shall be deemed to have assumed all of such terms, conditions, covenants and obligations accruing after the date of transfer.

Section 15.5 **Non-Waiver of Defaults**. The failure or delay by either party hereto to exercise or enforce at any time any of the rights or remedies or other provisions of this Lease shall not be construed to be a waiver thereof, nor affect the validity of any part of this Lease or the right of either party thereafter to exercise or enforce each and every such right or remedy or other provision. No waiver of any default and breach of the Lease shall be deemed to be a waiver of any other default and breach. The receipt by Landlord of less than the full rent due shall not be construed to be other than a payment on account of rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of the rent due or to pursue any other remedies provided in this Lease. No

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act or omission by Landlord or its employees or agents during the Lease Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such a surrender shall be valid unless in writing and signed by Landlord.

Section 15.6 **Attorneys' Fees**. In the event of any litigation between Tenant and Landlord to enforce any provision of this Lease or any right of either party hereto, the unsuccessful party to such litigation shall pay to the successful party all costs and expenses, including reasonable attorney's fees, incurred therein. Furthermore, if Landlord, without fault, is made a party to any litigation instituted by or against Tenant, Tenant shall indemnify Landlord against, and protect, defend, and save it harmless from, all costs and expenses, including reasonable attorney's fees, incurred by it in connection therewith. If Tenant, without fault, is made party to any litigation instituted by or against Landlord, Landlord shall indemnify Tenant against, and protect, defend, and save it harmless from, all costs and expenses, including reasonable attorney's fees, incurred by it in connection therewith.

**ARTICLE 16**

**RESERVED**

**ARTICLE 17**

**NOTICE AND PLACE OF PAYMENT**

Section 17.1 **Notices**. Any notice required or permitted to be given under this Lease or by law shall be deemed to have been given if it is written and delivered in person or mailed by Registered or Certified mail, postage prepaid, or sent by a nationally recognized overnight delivery service to the party who is to receive such notice at the address specified in **Item L** of the Basic Lease Provisions. When so mailed, the notice shall be deemed to have been given two (2) business days after the date it was mailed. When sent by overnight delivery service, the notice shall be deemed to have been given on the next business day after deposit with such overnight delivery service. The address specified in **Item L** of the Basic Lease Provisions may be changed by giving written notice thereof to the other party.

Section 17.2 **Place of Payment**. All rent and other payments required to be made by Tenant to Landlord shall be delivered or mailed to Landlord's management agent at the address specified in **Item L** of the Basic Lease Provisions or any other address Landlord may specify from time to time by written notice given to Tenant.

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**ARTICLE 18**

**TENANT'S RESPONSIBILITY REGARDING  
ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES**

Section 18.1 **Definitions**. For purposes of this Lease, the following additional definitions shall apply:

A. "Hazardous Substances" shall include any pollutants, petroleum products, dangerous substances, toxic substances, hazardous wastes, hazardous materials, or hazardous substances as defined in or pursuant to the Industrial Site Recovery Act and all rules, regulations, orders, directives and opinions promulgated thereunder ("ISRA") N.J.S.A. 13:1K-6 et seq.; the Spill Compensation and Control Act, N.J.S.A. 58:10-23.11 et seq. and all rules, regulations, orders, directives and opinions promulgated thereunder ("Spill Act"); the Solid Waste Management Act, N.J.S.A. 13:1E-1 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. and all rules, regulations, orders, directives and opinions promulgated thereunder ("CERCLA"); or any other Federal, State or Local environmental law or ordinance; and all rules, regulations, orders, directives and opinions promulgated under the foregoing, any amendments to any of the foregoing and any successor legislation to any of the foregoing (collectively "Environmental Laws");

B. "Release" means releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping;

C. "Notice" means any summons, citation, directive, order, claim, litigation, investigation, proceeding, judgment, letter, submission or other communication, written or oral, actual or threatened, from the New Jersey Department of Environmental Protection ("DEP"), the United States Environmental Protection Agency ("EPA"), any other Federal, State or Local agency or authority or any other entity or any individual, concerning any act or omission resulting or which may result in the Release of Hazardous Substances into the waters or onto the lands of the State of New Jersey or into waters outside the jurisdiction of the State of New Jersey or into the "environment" as such terms are defined in CERCLA, or otherwise related to any Environmental Law or Tenant's obligations pursuant to this Section 22. "Notice" shall include the imposition of any liens of any real or personal property or revenues of Tenant including, but not limited to, Tenant's interest in the Premises or any of Tenant's property located

thereon, pursuant to or resulting from the violation of any Environmental Law, or any other governmental actions, orders or permits or any knowledge after due inquiry and investigation of any facts which could give rise to any of the above.

Section 18.2 To the extent that Tenant may be permitted under applicable law to use the Premises and/or the Project for the generating, manufacturing, refining, transporting, treating, storing, handling, disposing, transferring or processing of Hazardous Substances, Tenant shall ensure that said use shall be conducted at all times strictly in accordance with applicable

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Environmental Law. Tenant shall not cause nor permit as a result of any intentional or unintentional act or omission, a Release of Hazardous Substances. If any intentional or unintentional act or omission results in any actual or alleged Release of Hazardous Substances, Tenant promptly shall conduct necessary sampling and cleanup and remediate such Release in accordance with applicable Environmental Laws.

Section 18.3 Tenant shall not operate any business at the Premises which shall be subject to ISRA. **Tenant hereby represents that its North America Industrial Classification (herein "NAIC") Number is 541711** as determined by reference to the NAIC Manual and its operations shall consist of the Use described in Paragraph J of Section 1.2 above. Notwithstanding any provision of ISRA to the contrary, if the Tenant's operations become subject to ISRA, Tenant, at Tenant's own expense, shall do whatever is necessary to comply with ISRA whenever an obligation to do so arises. If requested to do so by Landlord, but no more often than once per year, Tenant shall obtain a letter from DEP or any successor agency confirming that ISRA does not apply to Tenant's operations. At no expense to Landlord, Tenant promptly shall provide all information requested by Landlord regarding or in furtherance of ISRA compliance. Tenant shall sign any affidavit concerning compliance with Environmental Laws submitted by Landlord which is true, accurate and complete; if an affidavit is not true, accurate and complete, Tenant shall provide the necessary information to make it true, accurate or complete and then shall sign same.

Section 18.4 Tenant promptly shall furnish Landlord with true copies of any Notices of any nature made by Tenant to, or received by Tenant from DEP, EPA, or any local, state or federal authority.

Section 18.5 Notwithstanding anything in this Lease to the contrary, and without limiting any other provisions of this Article 18, Tenant, at its sole cost and expense, shall observe, comply and fulfill all of the terms and provisions of all applicable Environmental Laws, as the same may be amended from time to time, as they relate to Tenant's use and occupancy of the Premises during the term of this Lease.

Section 18.6 Without limiting the foregoing, Tenant agrees:

A. That it shall not do or omit to do nor suffer the commission or omission of any act, the commission or omission of which is prohibited by or may result in liability pursuant to any Environmental Law, including without limitation, the Release of Hazardous Substances;

B. Whenever the provisions of any Environmental Law requires the "owner or operator" of the Premises to do any act, Tenant on behalf of Tenant and/or Landlord, as the case may be, shall do such act at its sole cost and expense, including the making of all submissions and the providing of all information, it being the intention of the parties hereto that Landlord shall be free of all expenses and obligations arising from or in connection with compliance with Environmental Laws relating to Tenant's particular use of the Premises and that Tenant shall fulfill all such obligations and pay all such expenses.

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Section 18.7 In the event there shall be filed a lien against the Premises and/or the Project arising out of a claim(s) by DEP pursuant to the provisions of the Spill Act or by EPA pursuant to the provisions of CERCLA that is related to, attributable to or caused by Tenant's acts or omissions, Tenant immediately either shall: 1) pay the claim and remove the lien from the Premises and/or the Project; or, ii) furnish a bond, cash receipt or other security satisfactory to Landlord sufficient to discharge the claim out of which the lien arises.

Section 18.8 (i) Tenant promptly shall provide Landlord with all documentation and correspondence provided to DEP pursuant to the Worker and Community Right to Know Act, N.J.S.A. 34:5A-1 et seq., and all rules, regulations, orders, directives and opinions promulgated thereunder.

(ii) Tenant promptly shall supply Landlord all reports and notices made by Tenant pursuant to the Hazardous Substance Discharge Reports and Notices Act, N.J.S.A. 13:1K-15, et seq. and all rules, regulations, orders, directives and opinions promulgated thereunder.

(iii) Tenant promptly shall provide Landlord with a copy of all permits obtained pursuant to any Environmental Law.

Section 18.9 Tenant acknowledges that for Landlord to comply with the requirements of Environmental Laws, Landlord from time to time, may have to enter the Premises. Landlord and/or its agents shall have an irrevocable license and right to enter the Premises for such purposes, upon reasonable prior written notice to Tenant and at reasonable times, and with respect to the Laboratory and Vivarium, with a representative of Tenant present at all times. All such entry by Landlord and/or its agents shall be upon reasonable notice to Tenant.

Section 18.10 Tenant agrees to cooperate with Landlord to provide any information necessary to Landlord in order to effect compliance with any Environmental Law and to execute any documents requested by Landlord in connection with compliance with any Environmental Law.

Section 18.11 Tenant shall cooperate fully in allowing, from time to time, but in no event more than one per calendar year, such examinations, tests, inspections and reviews of the Premises as Landlord, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems or Tenant's compliance with Environmental Laws, provided the same does not interfere with Tenant's use of the Premises or its access thereto or the conduct of Tenant's business in the Premises, and does not compromise Tenant's privacy or security in the Premises.

Section 18.12 Tenant shall indemnify, defend and hold Landlord harmless from any and all fines, suits, procedures, claims, liabilities, costs and actions of any kind, including counsel fees (including those incurred to enforce this indemnity or for any other purpose) arising out of or in any way related to (1) any spills or discharges of Hazardous Substances at the Premises

and/or Project for which Tenant is responsible pursuant to this Lease or (2) Tenant's failure to comply with the provisions of this Lease. Tenant's obligations and liabilities pursuant to this Lease shall continue for so long as Landlord remains responsible or liable under Environmental Laws or otherwise for any spills or discharges of Hazardous Substances and/or for any violations of Environmental Laws which occur during Tenant's possession of the Premises. Tenant's failure to abide by the terms of this Section shall be enforceable by injunction.

Section 18.13 Notwithstanding anything to the contrary contained in this Lease, Tenant shall not be responsible for complying with any Environmental Law in connection with any spill or Release of Hazardous Substances which shall have occurred prior to the Commencement Date of this Lease, or which are attributable to any other tenant of the Building or to Landlord.

Section 18.14 In the event Tenant shall fail to comply in full with this Section, Landlord, at its option, may perform any and all of Tenant's obligations as aforesaid, and all costs and expenses so incurred by Landlord shall be deemed a claim against Tenant as Additional Rent payable within thirty (30) days of demand.

Section 18.15 In no event shall Landlord be liable or responsible to Tenant or anyone claiming through or under Tenant for the failure of any other tenant or other person to comply with any Environmental Law and Tenant shall not be excused from the performance of any obligation hereunder due to such failure.

Section 18.16 The provisions of this Article 18 shall survive the expiration or earlier termination of this Lease, regardless of the reason for such termination and compliance with the provisions of this Article 18 may require Tenant to expend funds or perform acts after the expiration or termination of this Lease. Tenant agrees to expend such funds and/or perform such acts and shall not be excused therefrom notwithstanding any expiration or termination of this Lease, it being agreed and acknowledged that Landlord would not have entered into this Lease but for the provisions of this Article 18.

## ARTICLE 19

### MISCELLANEOUS GENERAL PROVISIONS

Section 19.1 **Condition of Premises.** Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or the Building or with respect to the suitability or condition of any part of the Building for the conduct of Tenant's business except as provided in this Lease.

Section 19.2 **Insolvency or Bankruptcy.** In no event shall this Lease be assigned or assignable by operation of law, and in no event shall this Lease be an asset of Tenant in any receivership, bankruptcy, insolvency, or reorganization proceeding. This Lease shall be assumed or rejected within sixty (60) days after the filing of any bankruptcy proceeding filed by or against Tenant.

Section 19.3 **Common Areas.** The term "**Common Areas**," as used in this Lease, refers to the areas of the Building which are designed for use in common by all tenants of the Building and their respective employees, agents, customers, invitees and others, and includes, by way of illustration and not limitation, entrances and exits, hallways and stairwells, elevators, restrooms, sidewalks, driveways, parking areas, landscaped areas, the loading dock and other areas as may be designated by Landlord as part of the Common Areas of the Building. Tenant shall have the non-exclusive right, in common with others, to the use of the Common Areas, subject to such nondiscriminatory rules and regulations as may be adopted by Landlord including those set forth in Section 5.2 and **Exhibit C** of this Lease. Landlord reserves the right to modify, alter and close portions of the Common Areas from time to time in its sole and absolute discretion, provided that Tenant's access to the Premises shall not be materially, adversely affected.

Section 19.4 **Choice of Law.** This Lease shall be governed by and construed pursuant to the laws of the State of New Jersey.

Section 19.5 **Successors and Assigns.** Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

Section 19.6 **Name.** Tenant shall not, without the written consent of Landlord, use the name of Perryville Corporate Park for any purpose other than as the address of the business to be conducted by Tenant in the Premises, and in no event shall Tenant acquire any rights in or to such names.

Section 19.7 **Examination of Lease.** Submission of this instrument for examination or signature to Tenant does not constitute a reservation of or option for Lease, and it is not effective as a Lease or otherwise until execution by and delivery to both Landlord and Tenant.

Section 19.8 **Reserved.**

Section 19.9 **Defined Terms and Marginal Headings.** The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If more than one person is named as Tenant, the obligations of such persons are joint and several. The marginal headings and titles to the articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

Section 19.10 **Prior Agreements.** This Lease and the letter of understanding executed pursuant to Section 2.3 hereof contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

Section 19.11 **Payment of and Indemnification for Leasing Commissions.** The parties hereby acknowledge, represent and warrant that the only real estate broker or brokers involved in the negotiation and execution of this Lease is that, or are those named in **Item I** of the Basic Lease Provisions; and that no other broker or person is entitled to any leasing commission or compensation as a result of the negotiation or execution of this Lease. Each party shall indemnify the other party and hold it harmless from any and all liability for the breach of any such representation and warranty on its part and shall pay any compensation to any other broker or person who may be deemed or held to be entitled thereto. Landlord will not pay a broker commission to any broker representing Tenant for any extensions of the Lease Term and/or expansions of the Premises outside the original term of the Lease.

Section 19.12 **Severability of Invalid Provisions.** If any provision of this Lease shall be held to be invalid, void or unenforceable, the remaining provisions hereof shall not be affected or impaired, and such remaining provisions shall remain in full force and effect.

Section 19.13 **Definition of the Relationship Between the Parties.** Landlord shall not, by virtue of the execution of this Lease or the leasing of the Premises to Tenant, become or be deemed a partner of or joint venturer with Tenant in the conduct of Tenant's business in the Premises or otherwise.

Section 19.14 **Lease Modification.** Should any mortgagee require a modification of this Lease, which modification will not bring about any increased cost or expense to Tenant or in any other way substantially change the rights and obligations of Tenant hereunder, Tenant agrees that this Lease may be so modified.

Section 19.15 **Americans With Disabilities Act ("ADA").** Landlord shall be responsible for compliance with ADA in the Common Areas and Tenant shall be responsible for compliance with ADA in the Premises to the extent such compliance is required or compelled by Tenant's particular manner of use of the Premises; provided however, Tenant shall be responsible for compliance with ADA in the applicable Common Areas in the event (i) the conduct of Tenant's business is unique to that of other tenants in the Building and necessitates special requirements, or (ii) Tenant's improvements in the Premises thereby necessitate compliance with ADA in the Common Areas. Landlord represents and warrants that the Building and the Premises and all Common Areas comply with legal requirements, including without limitation, ADA, fire, life safety, environmental and OSHA. Any improvements needed to satisfy compliance with legal requirements (including bathrooms) shall not increase costs for Tenant during the lease term or subsequent extensions

Section 19.16 **Estoppel Certificate.** Tenant shall, within fifteen (15) business days following receipt of a written request from Landlord, execute, acknowledge and deliver to Landlord or to any lender, purchaser or prospective lender or purchaser designated by Landlord a written statement, in the form attached hereto as **Exhibit D** or in such other form as Landlord may reasonably request, certifying (i) that this Lease is in full force and effect and unmodified (or, if modified, stating the nature of such modification), (ii) the date to which rent has been paid, (iii) that there are not, to Tenant's knowledge, any uncured defaults (or specifying such defaults if any are claimed), and (iv) any other matters or state of facts reasonably required respecting the

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Lease or Tenant's occupancy of the Premises. Any such statement may be relied upon by any prospective purchaser or mortgagee of all or any part of the Building. In the event that Tenant fails to deliver to Landlord the aforesaid certificate within the time period described hereinabove, then Tenant herein unconditionally agrees that it shall be liable on demand to pay Landlord the sum of \$1,000.00 for each day that Tenant is late in delivering the aforesaid certificate to Landlord, such sum to be as and for Landlord's full and complete liquidated and agreed monetary damages suffered by reason of Tenant's failure to timely deliver an estoppel certificate to Landlord. In addition to the foregoing, Landlord reserves the right to exercise any further rights or remedies available to it under the Lease, at law or equity by reason of Tenant's default hereunder.

Section 19.17 **Memorandum of Lease.** Tenant shall not record this Lease or any memorandum or short form of this Lease.

Section 19.18 **Force Majeure.** This Lease and the obligations of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord is unable to fulfill or is delayed in fulfilling any of its obligations when such inability or delay is occasioned by causes beyond its control, including, but not limited to, war, invasion or hostility; work stoppages, boycotts, slowdowns or strikes; shortages of materials, equipment, labor or energy; manmade or natural casualties; adverse weather conditions or other acts of God; acts of omissions of governmental or political bodies; or civil disturbances or riots.

Section 19.19 **Reserved.**

Section 19.20 **Representations and Indemnifications.** Any representations and indemnifications of Landlord contained in the Lease shall not be binding upon (i) any mortgagee having a mortgage presently existing or hereafter placed on the Building, or (ii) a successor to Landlord which has obtained or is in the process of obtaining fee title interest to the Building as a result of a foreclosure of any mortgage or a deed in lieu thereof.

Section 19.21 **Tenant's Representations and Warranties.** The undersigned represents and warrants to Landlord that (i) Tenant is duly organized, validly existing and in good standing in accordance with the laws of the state under which it was organized; (ii) all action necessary to authorize the execution of this Lease has been taken by Tenant; and (iii) the individual executing and delivering this Lease on behalf of Tenant has been authorized to do so, and such execution and delivery shall bind Tenant. Tenant, at Landlord's request, shall provide Landlord with evidence of such authority.

Section 19.22 **Parking.** Landlord shall provide to Tenant, at Tenant's sole cost and expense, with the following: (a) four (4) unreserved parking spaces for every 1,000 square feet leased in the Building's parking facility, (b) ten (10) reserved parking spaces near the side entrance to the Building, and (c) three (3) to four (4) parking spaces outside of the first floor mechanical room as more particularly shown on **Exhibit G** hereto, subject to approval from the local township.

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Section 19.23 **Reserved.**

Section 19.24 **Reserved.**

Section 19.25 **Card Keys.** As of the Commencement Date, Landlord shall provide no more than 133 card keys to Tenant for access to the Building by Tenant's employees at Landlord's sole cost and expense. In the event Tenant requires additional or replacement card keys during the Term, same shall be provided by Landlord to Tenant at Tenant's expense.

Section 19.26 **Janitorial Services.** Landlord agrees to provide janitorial service to the Office Premises at Landlord's sole cost and expense. Tenant shall be responsible for janitorial service of the Vivarium and Laboratory at Tenant's sole cost and expense, and Tenant shall be expressly prohibited from having any waste from the Vivarium and/or laboratory brought into the Office Premises for removal, except that non-biohazard waste from the Laboratory and Vivarium may be placed in the office area of the Premises for removal as part of routine cleaning. If during the Term, Tenant elects to provide janitorial service for the Office Premises, Tenant shall notify Landlord of the foregoing election and Landlord agrees to reduce the Base Rent for the approximate rentable square footage of the Office Premises at a rate of \$0.50 per annum.

Section 19.27. **Renewal Option.**

A. Provided that at the time of the exercise of the option provided for in this Section 19.27 and immediately prior to the expiration of the Lease Term, this Lease shall be in full force and effect, the Tenant is in occupancy of the Premises and no event of default exists hereunder, Tenant shall have the right, by notice given to Landlord not less than nine (9) months prior to the Expiration Date of the Lease Term, the time of giving of such notice to be of the essence of this Lease, to extend the Term of this Lease for two (2) additional periods of five (5) years (each period being the "**Renewal Term**"). If this Lease is so extended, all of the provisions of this Lease shall continue in full force and effect during the Renewal Term (including Tenant's obligation to pay Additional Rent as provided for in this Lease and the Annual Rental Adjustment as provided in Section 3.2), but Landlord shall have no obligation to make or contribute to the cost of renovations, alterations or improvements in or to the Premises.

B. If the Lease Term shall be renewed as provided in subsection A for the first Renewal Term then and in that event and in addition to additional rent due under Article 3 (and utilizing the same Base Year as set forth therein), Tenant shall pay Base Rent during the first Renewal Term (the "**Renewal Term Rent**") equal \$15.00 per annum (except as otherwise set forth in Section 19.28 below), which Renewal Term Rent shall escalate at a rate of \$0.50 per annum. If the Lease Term shall be renewed as provided in subsection A for the second Renewal Term then and in that event and in addition to additional rent due under Article 3 (and utilizing the same Base Year as set forth therein), Tenant shall pay Renewal Term Rent during the second Renewal Term equal to the fair market rental rate of the Premises (the "**Fair Market Rental Rate**") and additional rent shall be payable based upon a new Base Year, being the year after the year

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in which the second Renewal Term shall commence. The Renewal Term Rent shall be determined initially by Landlord in a notice to Tenant (the "**Renewal Notice**") which notice shall contain Landlord's determination of the Renewal Term Rent (the "**Landlord's Determination**") and which Renewal Notice shall be delivered to Tenant not later than one hundred eighty (180) days prior to the first day of the second Renewal Term. If Tenant disputes Landlord's Determination, Tenant shall deliver Tenant's determination of the Fair Market Rental Rate (the "**Tenant's Determination**") by notice delivered to Landlord (the "**Notice of Dispute**"), not later than thirty (30) days after delivery to Tenant of the Renewal Notice. Failure by Tenant to dispute Landlord's Determination within thirty (30) days after receipt of the Renewal Notice, time being of the essence as to such date, shall bind Tenant to such Landlord's Determination. If Landlord disputes Tenant's Determination by notice delivered to Tenant (the "**Landlord's Notice**") within thirty (30) days after receipt of the Notice of Dispute, Landlord and Tenant shall attempt to agree as to the Fair Market Rental Rate within thirty (30) days after Tenant's receipt of Landlord's Notice. If Landlord and Tenant shall be unable to reach an agreement regarding the Fair Market Rental Rate within said thirty (30) day period, the Fair Market Rental Rate shall be determined by an arbitration proceeding as provided in subsection C below. For the purposes of this Lease, the term "**Fair Market Rental Rate**" shall mean the annual fair market rental value for the Premises, for the applicable term, taking into account all relevant factors including, without limitation, (a) the size and location of the Premises, (b) the annual rental rate then being charged by landlords to tenants in recent transactions for space in comparable office buildings located in the Hampton, New Jersey area, and (c) any tenant improvement allowances, brokerage commissions, base years, construction time and all other lease concessions, which non renewing tenants are then receiving in connection with the lease of comparable space in buildings comparable to the Building in terms of age, quality, services, amenities, quality of construction and appearance in the Western New Jersey I -78 Corridor.

C. Any dispute between Landlord and Tenant as to the Renewal Term Rent shall be determined in accordance with the procedures set forth in subsection D below if the parties are unable to agree upon the Renewal Term Rent.

D. If within thirty (30) days after Tenant's receipt of Landlord's Notice, Landlord and Tenant shall be unable to reach an agreement regarding the Fair Market Rental Rate, Landlord and Tenant shall jointly select an independent real estate appraiser (the "**Appraiser**") whose fee shall be borne equally by Landlord and Tenant. In the event that Landlord and Tenant shall be unable to jointly agree on the designation of the Appraiser within five (5) days after they are requested to do so by either party, then the parties agree to allow the American Arbitration Association, or any successor organization to designate the Appraiser in accordance with the real estate arbitration rules, regulations and/or procedures then obtaining of the American Arbitration Association or any successor organization.

E. The Appraiser shall conduct such hearings and investigations as he may deem appropriate and shall, within thirty (30) days after the date of designation of the

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Appraiser, choose either Landlord's or Tenant's Determination, and such choice by the Appraiser shall be conclusive and binding upon Landlord and Tenant. Each party shall pay its own counsel fees and expenses if any, in connection with any arbitration under this Section 19.27, including the expenses and fees of any Appraiser selected by it in accordance with provisions of this Article. Any Appraiser appointed pursuant to this Section 19.27 shall be an independent real estate appraiser with at least ten (10) years experience in leasing, determination of rental rates therein in the Hampton, New Jersey area, and valuation of properties which are similar in character to the Building. The Appraiser shall not have the power to add to, modify or change any of the provisions of this Lease.



F. It is expressly understood that any determination of the Fair Market Rental Rate hereunder shall be based on the relevant factors and criteria stated in subsection D of this Section 19.27.

G. After a determination has been made of the Fair Market Rental Rate for the Renewal Term, the parties shall execute and deliver to each other an instrument setting forth the Fair Market Rental Rate (and the Renewal Term Rent payable during the Renewal Term) as hereinabove determined.

H. Unless and until the Fair Market Rental Rate shall be determined in accordance with this Section 19.27, Tenant shall pay Renewal Term Rent for the Premises at the Base Rent payable during the last year of the first Renewal Term (in addition to any additional rent due and payable during such period pursuant to the terms and conditions of this Lease). Upon determination of such rent by appraisal pursuant hereto, the rent so determined shall apply retroactively to the Renewal Term commencement date, and, promptly after such determination, (x) Tenant shall pay to Landlord, within thirty (30) days following demand therefor, the excess, if any, of (a) the Renewal Term Rent, as so determined, with respect to the period commencing on the Renewal Term commencement date and terminating on the last day of the month during which such determination occurs (the "**Relevant Period**"), over (b) the Renewal Term Rent theretofore paid by Tenant with respect to the Relevant Period, or (y) Landlord shall pay to Tenant, within thirty (30) days following demand therefor, the excess, if any, of (a) such Renewal Term Rent actually paid by Tenant with respect to the Relevant Period, over (b) the Renewal Term Rent, as so determined, with respect to the Relevant Period or if not paid within such thirty (30) day period, Tenant shall be entitled to credit such amount against the payments of Base Rent next due hereunder.

Section 19.28. **Expansion Option.**

A. Provided Tenant is not in default hereunder beyond the giving of notice and expiration of applicable grace periods expressly provided for in this Lease and this Lease shall be in full force and effect, then at any time during the first three (3) Lease Years from and after the Rent Commencement Date, Tenant shall have the continuous right and option (the "**Expansion Option**") to lease the remaining vacant portions of the first (1<sup>st</sup>) floor or the second (2<sup>nd</sup>) floor of the of the Building as more particularly

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described on Exhibit F annexed hereto and made a part hereof (collectively the "**Expansion Space**"). Notwithstanding the foregoing, Tenant's Expansion Option is subject to the superior rights of the following current tenants in the Building: Malick & Scherer, Marsulex Environmental Technologies, and Ikaria, Inc.

B. Tenant shall have given written notice to Landlord of its intent to exercise the Expansion Option in accordance with Section 17.1 above (the "**Expansion Intent Letter**"), which Expansion Intent Letter shall have been received by Landlord not less than thirty (30) days prior to the date Tenant wishes to occupy the Expansion Space within the first three (3) Lease Years from and after the Rent Commencement Date.

C. If Tenant shall exercise the Expansion Option in accordance with the provisions of this Section, this Lease shall be amended to include the Expansion Premises upon all the terms, covenants, and conditions contained in the Lease, except that (i) the Base Rent payable for the Expansion Space shall be equal to the then escalated rent under this Lease at the time Tenant takes possession of the Expansion Space, and (ii) the term for the Expansion Space and the Premises shall be extended for a term of five (5) years from the date Tenant takes possession of the Expansion Space.

D. Notwithstanding the provisions of the Section 19.27(B) above, in the event Tenant exercises the first Renewal Option, the Renewal Rental Rate for the Expansion Space and the Premises shall be equal to the then escalated rent under this Lease as of the commencement of the first Renewal Term, which rate shall escalate at the rate of \$0.50 per annum.

Section 19.29. **Right of First Offer.**

A. Provided that Tenant shall not be in default under any of the terms and conditions of the Lease beyond the expiration of all applicable notice and cure periods expressly provided for in this Lease and this Lease shall be in full force and effect, then Tenant shall have the continuous right to lease any portion of space in the Building (collectively the "**ROFO Premises**"), which is reasonably capable of being subdivided for Tenant's use and occupancy, if, as, and when it becomes vacant and available for leasing, from time to time, during the term of this Lease and is not (or has not been) leased or committed to, and leasing rights or option rights therein have not been given or committed to, any other party now occupying or at any time occupying or leasing or proposing to lease the ROFO Premises.

B. Landlord shall give written notice to Tenant of the availability of the ROFO Premises for leasing by Tenant after Landlord elects to lease such space ("**Landlord's ROFO Notice**"). Tenant shall then have a period of fifteen (15) business days from receipt of Landlord's ROFO Notice to deliver written notice to Landlord of Tenant's exercise of its option to lease the ROFO Premises on and for the terms contained herein and in Landlord's ROFO Notice ("**Tenant's ROFO Notice**"). If Tenant shall duly exercise its option within the time and the manner specified in this subparagraph, and there shall not then be existing a default beyond any applicable cure period by the Tenant under this Lease, then within ten (10) business days of receiving

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Tenant's ROFO Notice, Landlord shall deliver to Tenant a written lease agreement or amendment of this Lease for the ROFO Premises containing the terms of the proposed lease for the ROFO Premises, including, without limitation, the rent (which shall be equal to the then escalated rental rate for the Premises) and the term (which shall term shall expire co-terminously with this Lease). All notices to be given by Landlord and Tenant hereunder shall be given in accordance with Section 17.1 of this Lease, with time being of the essence.

Section 19.30. **Roof Rights.** Provided Tenant complies with the provisions of Article 7 (Alterations) and Article 9 (Insurance) hereof, Landlord hereby grants Tenant the right, at Tenant's sole cost and expense but without additional charge to Tenant during the Lease Term, to install on the roof of the Building, in locations approved by Landlord, (a) no more than one (1) satellite dish each not to exceed eighteen inches (18") in diameter and antenna, together with the ancillary equipment cables from same to the Premises (collectively the "**Satellite Dish**"), and (b) exhaust fans and mechanical equipment incidental

to Tenant's business operations. Landlord will coordinate with Tenant's vendor and building roofer to install such equipment in order to insure the warranty for the Building roof remains in effect after such installation and upon removal at the end of the Term. Tenant shall be responsible, at its sole cost and expense, for the maintenance, repair and replacement of the Satellite Dish, fans and equipment at all times throughout the term of this Lease. Tenant shall be responsible for procuring whatever license or permits may be required for the use of the Satellite Dish, fans or operation of any equipment served thereby. Tenant hereby agrees that on or before the Expiration Date, it shall remove the Satellite Dish, fans and equipment from the roof of the Building and restore the roof to its original condition, ordinary wear and tear excepted.

Section 19.31. **Cafeteria.** Landlord hereby agrees that during the Lease Term and any renewal terms thereof, Landlord shall continuously operate cafeteria facilities in the Building.

Section 19.32. **Permit Contingency.** As used in this Lease, the term "Permits" shall mean any and all permits, approvals, consents, certificates, variances or licenses from the governmental authority having jurisdiction over the Building, which are necessary to operate a Vivarium and Laboratory in the Premises. In the event that Tenant, after diligently and in good faith attempting to obtain the Permits, is unable to obtain same by the date June 26, 2013 after the date of this Lease (hereinafter referred to as the "Outside Contingency Date") then Tenant shall be permitted to terminate this Lease upon five (5) days written notice to Landlord sent within three (3) days after the Outside Contingency Date and upon such termination Landlord and Tenant shall have no further obligations under this Lease and this Lease shall be deemed terminated. Landlord shall cooperate in Tenant's efforts to obtain the Permits, at no cost to Landlord, and shall sign such reasonable documents as shall be reasonably required by or convenient for the applicable governmental authority. Landlord's cooperation shall include, without limitation, the prompt sign-off on all filings or submissions that require Landlord execution.

Section 19.33. **Installation of Hot Water Boiler.** Provided Tenant complies with the provisions of Article 7 (Alterations) and Article 9 (Insurance) hereof, Landlord hereby grants

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Tenant the right, at Tenant's sole cost and expense but without additional charge to Tenant during the Lease Term, to install a hot water boiler (the "Boiler") in Landlord's mechanical room located on the first floor of the Building. In connection with the installation, use and operation of the Boiler, Tenant agrees with the following: (i) Tenant shall be solely responsible for the maintenance, repair, replacement and removal of the Boiler; (ii) Tenant shall indemnify and hold Landlord harmless in connection with the installation, use, removal and operation of the Boiler; (iii) Tenant shall be responsible for making sure the Boiler complies with all applicable laws, including, but not limited to, applying for and obtaining all necessary permits and approvals; (iv) prior to the installation of the Boiler, Tenant shall provide Landlord with proof of insurance covering the Boiler, naming Landlord as an additional insured thereunder, as reasonably determined by Landlord; (v) Tenant shall maintain an annual maintenance contract for the Boiler and provide Landlord evidence of the same upon Landlord's request thereof; and (vi) Tenant shall deliver to Landlord detailed plans and specifications, if necessary, in connection with the installation of the Boiler.

Section 19.34. **Counterparts.** This Lease may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one Lease. Furthermore, this Lease may be executed by a party's signature transmitted by facsimile or by electronic mail in pdf format ("pdf"), and copies of this Agreement executed and delivered by means of faxed or pdf signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon faxed or pdf signatures as if such signatures were originals.

*[The remainder of this page is left intentionally blank. Signature page to follow.]*

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**IN WITNESS WHEREOF**, the parties hereto have executed this Lease as of the day and year first above written.

**LANDLORD:**

**CROWN PERRYVILLE, LLC**

By: Crown NJ, LLC, Its Managing Member

By: /s/ Davar Rad

Name: Davar Rad

Title: Managing Member

**TENANT:**

**CELLDEX THERAPEUTICS INC.**

By: /s/ Anthony Marucci

Name: Anthony Marucci

Title: President & C.E.O.

Tenant's Tax Identification Number - 13-3191702

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**EXHIBIT A**

**THE PREMISES**

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**EXHIBIT B**

**LANDLORD'S WORK**

Landlord agrees, at its sole cost and expense, to perform the following work in the Premises using Building-standard materials (collectively the "**Landlord's Work**"):

1. Replace all damaged and stained carpet tiles.
  2. Clean carpeting
  3. Replace damaged ceiling tiles.
  4. Replace damaged lighting fixtures.
  5. Provide and install double herculite doors for the Premises.
  6. Provide up to ten (10) office doors and associated hardware.
  7. Provide VAV boxes for the Office Premises.
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**EXHIBIT C**

**RULES AND REGULATIONS**

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls of the Building shall not be obstructed or used for any purpose other than ingress and egress.
  2. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of each tenant's leased premises other than Landlord standard drapes without Landlord's prior written approval, except with respect to Tenant initial tenant improvements. All electric ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent, of a quality, type, design and bulb color approved by Landlord. Neither the interior nor the exterior of any windows shall be coated or otherwise sunscreened without written consent of Landlord.
  3. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by any tenant on, about or from any part of each tenant's leased premises or the Building without the prior written consent of Landlord. In the event of the violation of the foregoing by any tenant, Landlord may remove or stop same without any liability, and may charge the expense incurred in such removal or stopping to such tenant. Standard interior signs on doors and directory tablet shall be inscribed, painted or affixed for each tenant by Landlord, and shall be of a size, color and style acceptable to Landlord. The directory tablet will be provided exclusively for the display of the name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering.
  4. The sashes, sash doors, windows, and doors that reflect or admit light and air into halls, passageways or other public places in the Building shall not be covered or obstructed by any tenant.
  5. The water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the tenant who, or whose subtenants, assignees or any of their servants, employees, agents, visitors or licensees shall have caused the same.
  6. No tenant shall mark, paint, drill into, or in any way deface any part of such tenant's leased premises or the Building. No boring, cutting or stringing of wires or laying of linoleum or other similar floor coverings shall be permitted, except with the prior written consent of the Landlord and as the Landlord may direct.
  7. No bicycles, vehicles, birds or other animals of any kind (other than those to be kept in the Vivarium or the Laboratory) shall be brought into or kept in or about the tenant's leased
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premises, and no cooking shall be done or permitted by any tenant in its leased premises, except that the preparation of coffee, tea, hot chocolate and similar items for tenants and their employees shall be permitted provided power shall not exceed that amount which can be provided by a 30 amp circuit. No tenant shall cause or permit any unusual or objectionable odors to be produced or permeate its leased premises.

8. No tenant shall use its premises for manufacturing or for the storage of merchandise except as such storage may be incidental to the permitted use of such leased premises. No tenant shall occupy or permit any portion of its leased premises to be occupied as an office for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express written consent of Landlord. No tenant shall use its leased premises shall not be used for lodging or sleeping or for any immoral or illegal purpose.

9. No tenant shall make, or permit to be made any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, phonograph, unusual noise, or in any other way. No tenant shall throw anything out of doors, windows or down the passageways.

10. No tenant, subtenant or assignee nor any of its servants, employees, agents, visitors or licensees, shall at any time bring or keep upon its leased premises any inflammable, combustible or explosive fluid, chemical or substance.

11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by any tenant, nor shall any changes be made in existing locks or the mechanism thereof. Each tenant must upon the termination of its tenancy, restore to the Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, such tenant and in the event of the loss of keys so furnished, such tenant shall pay to the Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

12. All removals or the carrying in or out of any safes, freight, furniture, or bulky matter of any description must take place during the hours which Landlord shall reasonably determine from time to time. The moving of safes or other fixtures or bulky matter of any kind must be done upon previous notice to the superintendent of the Building and under his supervision, and the persons employed by any tenant for such work must be acceptable to Landlord. Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. The Landlord reserves the right to prescribe the weight and position of all safes, which must be placed upon supports approved by Landlord to distribute the weight.

13. No tenant shall purchase water, ice, towel, janitorial or maintenance or other like services, from any person or persons not approved by Landlord.

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14. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's commercially reasonable opinion tends to impair the reputation of the Building or its desirability as an office location, and upon written notice from Landlord any tenant shall refrain from or discontinue such advertising.

15. Landlord reserves the right to require all persons entering the Building between the hours of 6 p.m. and 8 a.m. and at all hours on Sunday and legal holidays to register with Landlord's security personnel. Each tenant shall be responsible for all persons entering the Building at tenant's invitation, express or implied. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of an invasion, mob riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right without any abatement of rent to require all persons to vacate the Building and to prevent access to the Building during the continuance of the same for the safety of the tenants and the protection of the Building and the property in the Building.

16. Any persons employed by any tenant to do janitorial work shall, while in the Building and outside of its leased premises, be subject to and under the control and direction of the superintendent of the Building (but not as an agent or servant of said superintendent or of the Landlord), and such tenant shall be responsible for all acts of such persons.

17. All doors opening onto public corridors shall be kept closed, except when in use for ingress and egress.

18. The requirements of each tenant will be attended to only upon application to the Office of the Building.

19. Canvassing, soliciting and peddling in the Building are prohibited, and each tenant shall report and otherwise cooperate to prevent the same.

20. All office equipment of any electrical or mechanical nature shall be placed by tenant in its leased premises in settings which will, to the maximum extent possible, absorb or prevent any vibration, noise and annoyance.

21. No air conditioning unit or other similar apparatus shall be installed or used by any tenant without the written consent of Landlord.

22. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and rubber side guards.

23. No vending machine or machines of any description shall be installed, maintained or operated upon a tenant's leased premises without the written consent of Landlord.

24. The scheduling of Tenant move-ins shall be subject to the reasonable discretion of Landlord.

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**EXHIBIT D**

**ESTOPPEL CERTIFICATE**

[Date]

Re: Lease by \_\_\_\_\_ as tenant ("Tenant") for space at Perryville III at Perryville Corporate Park, Hampton, New Jersey

Gentlemen:



**EXHIBIT E**

**BASE RENT**

<b>LEASE YEAR</b>		<b>BASE RENT PER SQUARE FOOT</b>		<b>ANNUAL BASE RENT</b>		<b>MONTHLY BASE RENT</b>
1	\$	12.00	\$	400,356.00	\$	33,363.00
2	\$	12.50	\$	417,037.50	\$	34,753.13
3	\$	13.00	\$	433,719.00	\$	36,143.25
4	\$	13.50	\$	450,400.50	\$	37,533.38
5	\$	14.00	\$	467,082.00	\$	38,923.50

Tenant shall receive a rent credit from the Commencement Date up to and including the last day of the fifth (5<sup>th</sup>) month following the Rent Commencement Date

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**EXHIBIT F**

**EXPANSION SPACE**

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**EXHIBIT G**

**PARKING PLAN**

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CERTIFICATION

I, Anthony S. Marucci, certify that:

1. I have reviewed this report on Form 10-Q of Celldex 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: May 3, 2013

By /s/ ANTHONY S. MARUCCI  
Name: Anthony S. Marucci  
Title: President and Chief Executive Officer

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CERTIFICATION

I, Avery W. Catlin, certify that:

1. I have reviewed this report on Form 10-Q of Celldex 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: May 3, 2013

By: /s/ AVERY W. CATLIN  
Name: Avery W. Catlin  
Title: Senior Vice President and  
Chief Financial Officer

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SECTION 1350 CERTIFICATIONS

Pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Celldex Therapeutics, Inc. (the "Company") hereby certify that to their knowledge and in their respective capacities that the Company's quarterly report on Form 10-Q to which this certification is attached (the "Report"), fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2013

By: /s/ ANTHONY S. MARUCCI  
Name: Anthony S. Marucci  
Title: President and Chief Executive Officer

Date: May 3, 2013

By: /s/ AVERY W. CATLIN  
Name: Avery W. Catlin  
Title: Senior Vice President and  
Chief Financial Officer

This certification shall not be deemed "filed" for any purpose, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Celldex Therapeutics, Inc. and will be retained by Celldex Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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