

Celldex Therapeutics, Inc. (CLDX)

10-K

Annual report pursuant to section 13 and 15(d)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010

or
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 0-15006

CELLEX THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware **13-3191702**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
119 Fourth Avenue, Needham, Massachusetts 02494 (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(781) 433-0771**

Securities registered pursuant to Section 12(b) of the Act:

Title of Class:	Name of Each Exchange on Which Registered:
Common Stock, par value \$.001	NASDAQ Global Market
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this Chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 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 Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2010 was \$144.7 million. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the actions of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

The number of shares of common stock outstanding at February 28, 2011 was 32,055,382 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for our 2011 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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CELLDEX THERAPEUTICS, INC.
ANNUAL REPORT ON FORM 10-K
YEAR ENDED DECEMBER 31, 2010

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This report on Form 10-K 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 product research and further development, including animal, preclinical and clinical studies, and commercialization of rindopepimut, CDX-011, CDX-1307, CDX-1401, CDX-1135, CDX-1127 and other products and the growth of the markets for those product candidates;
- our ability to raise sufficient capital on terms acceptable to us, or at all;
- the cost, timing, scope and results of ongoing safety and efficacy trials of rindopepimut, CDX-011, CDX-1307, CDX-1401 and other preclinical and clinical testing;
- our ability to fund and complete the development and commercialization of rindopepimut internally or to find another strategic partner to fund the development and commercialization of rindopepimut;
- our ability to adapt our APC Targeting Technology to develop new, safe and effective vaccines against oncology and infectious disease indications;
- the ability to negotiate strategic partnerships or other disposition transactions for our non-core programs;
- our ability to manage multiple clinical trials for a variety of product candidates at different stages of development;
- the strategies and business plans of our partners, such as GlaxoSmithKline's plans with respect to Rotarix® and Vaccine Technologies' plans concerning the CholeraGarde® (Peru-15) and ETEC E. coli vaccines, which are not within our control, and our ability to maintain strong, mutually beneficial relationships with those partners;
- our ability to develop technological capabilities and expand our focus to broader markets for vaccines;
- 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 timing, cost and uncertainty of obtaining regulatory approvals for our product candidates;
- our ability to develop and commercialize products before competitors that are superior to the alternatives developed by such competitors;

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- the validity of our patents and our ability to avoid intellectual property litigation, which can be costly and divert management time and attention; and
- the factors listed under "Risk Factors" in this annual report on Form 10-K.

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.

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PART I

Item 1. BUSINESS

General

As used herein, the terms "we," "us," "our," the "Company", or "Celldex" refer to Celldex Therapeutics, Inc. and its direct and indirect subsidiaries: Celldex Research Corporation ("Celldex Research") and Celldex Therapeutics, Ltd. ("Celldex Ltd."). Our principal activity since our inception has been research and product development conducted on our own behalf, as well as through joint development programs with several pharmaceutical companies and other collaborators.

We are a biopharmaceutical company currently focusing on the development of several immunotherapy technologies. Our lead programs include rindopepimut (CDX-110), a vaccine that is expected to enter into Phase 3 development for glioblastoma multiforme in the second half of 2011, and CDX-011, an antibody-drug conjugate currently in a randomized Phase 2b trial for treatment of advanced breast cancer. We have additional programs at various stages of clinical and preclinical development, including CDX-1127 a therapeutic human antibody candidate for cancer indications, APC Targeting Technology programs, CDX-1307 and CDX-1401, and an immune cell mobilizing agent CDX-301. We are currently resourcing our priority programs and supplement the development of additional programs through external collaborations and funding.

Our strategy is to develop and demonstrate proof-of-concept for our product candidates before leveraging their value through partnerships or, in appropriate situations, continuing late stage development through commercialization ourselves. Demonstrating proof-of-concept for a product candidate generally involves bringing it through Phase 1 clinical trials and one or more Phase 2 clinical trials so that we are able to demonstrate, based on human trials, good safety data for the product candidate and some data indicating its effectiveness. We thus leverage the value of our technology portfolio through corporate, governmental and non-governmental 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. Our current collaborations include the commercialization of an oral human rotavirus vaccine. Our product candidates address market opportunities for which we believe current therapies are inadequate or non-existent.

Our products are derived from a broad set of complementary technologies which have the ability to utilize the human immune system and enable the creation of preventative and 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. A number of our immunotherapeutic and antibody-drug conjugate product candidates are in various stages of clinical trials. We expect that a large percentage of our research and development expenses will be incurred in support of our current and future clinical trial programs.

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

Product (generic)	Indication/Field	Partner	Status
CLINICAL			
CDX-110 (rindopepimut)	Glioblastoma multiforme	—	Phase 2b
CDX-011 (glembatumumab vedotin)	Metastatic breast cancer and melanoma	—	Phase 2b
CDX-1307	Muscle-invasive bladder cancer	—	Phase 2
CDX-1401	Multiple solid tumors	—	Phase 1/2
PRECLINICAL			
CDX-301	Cancer, autoimmune disease and transplant	—	Preclinical
CDX-1127	Immuno-modulation, multiple tumors	—	Preclinical
CDX-014	Renal and ovarian cancer	—	Preclinical
MARKETED PRODUCTS			
Rotarix®	Rotavirus infection	GlaxoSmithKline	Marketed

Using our expertise in immunology, we are building business franchises in major disease areas: oncology, inflammatory and infectious diseases. We have pursued some of these opportunities independently in a highly focused manner. In other cases, we have leveraged the financial support and development capabilities of corporate and public sector partners to bring our development projects to fruition. The research we have pursued over the past several years has matured into what we believe is an exciting portfolio of product candidates.

Our success has depended and will continue to depend upon many factors, including our ability, and that of our licensees and collaborators, to successfully develop, obtain regulatory approval for and commercialize our product candidates. Commercial sales are currently generated by GlaxoSmithKline (GSK), which is marketing Rotarix®. We have had no commercial revenues from sales of our human therapeutic or other human vaccine products and we have had a history of operating losses. It is possible that we may not be able to successfully develop, obtain regulatory approval for or commercialize our product candidates, and we are subject to a number of risks that you should be aware of before investing in us. These risks are described more fully in "Item 1A. Risk Factors."

We are a Delaware corporation organized in 1983. Our website is located at <http://www.celldextherapeutics.com>. On our website, investors can obtain a copy of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as amended, as soon as reasonably practicable after we file such material electronically with, or furnishes it to, the Securities and Exchange Commission ("SEC"). None of the information posted on our website is incorporated by reference into this Annual Report.

Clinical Development Programs

Rindopepimut (CDX-110)

Our lead clinical development program, rindopepimut, is a peptide-based immunotherapy that targets the tumor specific molecule called EGFRvIII, a functional variant of the naturally expressed epidermal growth factor receptor ("EGFR"), a protein which has been well validated as a target for cancer therapy. Unlike EGFR, EGFRvIII is not present in normal tissues, and has been shown to be a transforming oncogene that can directly contribute to the cancer cell growth. EGFRvIII is commonly present in glioblastoma multiforme, or GBM, the most common and aggressive form of brain cancer, and has also been observed in various other cancers such as lung, liver and head and neck cancer. The

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Food and Drug Administration ("FDA") has granted orphan drug designation for rindopepimut for the treatment of EGFRvIII expressing GBM as well as fast track designation.

In April 2008, we and Pfizer Inc. ("Pfizer") entered into a License and Development Agreement (the "Pfizer Agreement") under which Pfizer was granted an exclusive worldwide license to rindopepimut. The Pfizer Agreement also gave Pfizer exclusive rights to the use of EGFRvIII vaccines in other potential indications. The Pfizer Agreement also provided for reimbursement by Pfizer of all costs incurred by us in connection with the collaboration since the effective date.

On September 1, 2010, we received written notice (the "Pfizer Notice") from Pfizer of termination with respect to the Pfizer Agreement. The Pfizer Notice was given under a provision of the Pfizer Agreement which permitted termination at any time and for any reason, upon 60-days' written notice to us. The Pfizer Notice did not state a reason for termination. In November 2010, the Pfizer Agreement was terminated (the "Pfizer Termination") and all rights to rindopepimut were returned to us. Effective with the Pfizer Termination, Pfizer is no longer funding the development of rindopepimut.

The Phase 1 (VICTORI) and Phase 2a (ACTIVATE) studies of EGFRvIII immunotherapy were 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 14 and 18 evaluable patients, respectively. An extension of the Phase 2a study (ACT II) at the same two institutions evaluated 22 additional GBM patients treated in combination with maintenance temozolomide (TMZ) (the current standard of care).

We initiated a Phase 2b/3 randomized study (ACT III) of rindopepimut combined with standard of care, TMZ, versus standard of care alone in patients with GBM 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 temozolomide. 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 GBM.

In November 2010, we announced complete data for the primary endpoint of the 65 patients enrolled to receive rindopepimut in combination with maintenance TMZ in the ACT III study. The data showed that 43 of 65 patients (66%) were progression-free at 5.5 months after entry into the study. Taking into account the 3 to 3.5 months required to complete pre-study chemoradiation and enter into the study, the 5.5 month time point in ACT III corresponds to approximately 8.5 months after diagnosis. The ACTIVATE and ACT II trials, which were conducted in two leading centers, reported progression-free rates at 8.5 months after diagnosis of 70% and 80%, respectively, and similar results were seen in the ACT III trial, which enrolled patients in over 25 centers in the United States.

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The following table summarizes the progression free survival ("PFS") and overall survival ("OS") rates from clinical trials of rindopepimut as reported in November 2010 as compared to matched historical controls and the standard of care.

	<u>Median PFS from diagnosis (months)</u>	<u>Median OS from diagnosis (months)</u>	<u>OS at 24 months</u>
ACT III (n=65)	12.3(1)	24.3(2)	50%(2)
ACT II (n=22)	15.3	24.4	50%
ACTIVATE (n=18)	14.2	24.6	50%
Matched historical control (n=17)(3)	6.4	15.2	6%
Standard of care radiation/TMZ (n=287)(4)	6.9	14.6	27%

- (1) Change in median PFS not statistically significant from ACTIVATE and ACT II.
- (2) Overall survival data for ACT III are estimated and not yet final.
- (3) Sampson, et al. J. Clin. Oncol. 2010 Nov 1, 28(31), 4722-9. Historical controls were treated at M.D. Anderson and matched for eligibility (EGFRvIII-positive, KPS greater-than or equal to 80%, complete resection, radiation/TMZ and without progression through ~ 3 months post-diagnosis).
- (4) Stupp, et al. N. Engl. J. Med. 2005, 352, 987-96.

Importantly, rindopepimut showed a similar benefit in patients whether or not they expressed an active DNA repair gene (MGMT) that has been shown to limit the benefit from TMZ treatment. In ACT III, the number of patients who were expected to be resistant to the TMZ chemotherapy appeared to do better with vaccination than the numbers observed in the historical data. Patients who have an active DNA repair gene, MGMT (unmethylated), generally have a worse outcome, presumably because they do not gain much benefit from TMZ as reported in the literature. Patients with a methylated MGMT promoter in their tumor do not express MGMT and have a more favorable outcome to TMZ treatment. Patients with methylated tumors (n=25) that were treated with the rindopepimut regimen experienced a median PFS of 17.2 months, which compares favorably with the published data from the SOC of radiation plus TMZ (R +TMZ) of 10.3 months. Those with unmethylated tumors (n=40) treated with the rindopepimut regimen experienced a PFS of 11.2 months, which compared favorably to the PFS with SOC of 5.3 months in this patient population. Thus, rindopepimut would appear to benefit both methylated and unmethylated MGMT patients.

Based on ongoing discussions to date with the FDA, we are currently planning to initiate a pivotal Phase 3 randomized study of rindopepimut in patients with GBM in the second half of 2011.

Glembatumumab Vedotin (CDX-011)

CDX-011 is an antibody-drug conjugate (ADC) that consists of a fully-human monoclonal antibody, CR011, linked to a potent cell-killing drug, monomethyl-auristatin E (MMAE). The CR011 antibody specifically targets glycoprotein NMB or (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.

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 have received prior therapy (median of seven prior

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regimens). The study began with a bridging phase to confirm the maximum tolerated dose ("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 as 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 any 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. The most common treatment-related toxicities were fatigue, rash, nausea, alopecia (hair loss), neutropenia and vomiting.

In May 2010, the FDA granted Fast Track designation to CDX-011 for the treatment of advanced, refractory/resistant GPNMB-expressing breast cancer.

In September 2010, we initiated a randomized Phase 2b controlled study in patients with heavily pre-treated, advanced breast cancer whose tumors are confirmed to express GPNMB via a validated, centralized diagnostic assay. We expect that a significant portion of the enrolled patients will have triple-negative disease, since GPNMB is frequently expressed in this patient population. Patients will be randomized (2:1) to receive either CDX-011 or single-agent "Investigator's Choice" chemotherapy. Activity endpoints will include objective response rate ("ORR"), PFS and OS. We expect to complete enrollment of 120 patients at approximately 20-25 clinical sites in the United States in 2011 with preliminary data expected in 2012.

Treatment of Metastatic Melanoma: In June 2006, a Phase 1/2 open-label, multi-center, dose escalation study was initiated to evaluate the safety, tolerability and pharmacokinetics of CDX-011 for patients with un-resectable Stage III or Stage IV melanoma who have failed no more than one prior line of cytotoxic therapy. A total of 117 patients were enrolled in this trial. The trial initially evaluated doses of CDX-011 between 0.03 mg/kg to 2.63 mg/kg given once every three weeks. CDX-011 was generally well tolerated, with rash and neutropenia emerging at higher doses. The MTD was determined to be 1.88 mg/kg administered intravenously (IV) 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 found to be active in advanced melanoma patients in the study. The most frequent treatment-related adverse events included rash, fatigue, alopecia (hair loss), pruritus, diarrhea and neuropathy.

More frequent dosing schedules of CDX-011 were also evaluated, including a weekly and a two out of every three-week regimen, to explore if more frequent administration can provide additional activity in patients with metastatic melanoma. Doses of 1.0 mg/kg given once every week and 1.5 mg/kg given for two out of three weeks were identified as the MTD in each schedule. The response rate was observed to be 20% and 33%, respectively. This increased activity was accompanied by increased toxicity.

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

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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.

Melanoma is a difficult disease to work with and, at this point in time, our intention is to first focus our resources on advancing CDX-011 in breast cancer. We intend to conduct additional Phase 2 development of CDX-011 in combination with other therapies in investigator sponsored studies to further develop this product candidate in melanoma.

CDX-1307

Our lead APC Targeting Technology product candidate, CDX-1307, is in development for the treatment of epithelial tumors such as colorectal, pancreatic, bladder, ovarian and breast cancers. CDX-1307 targets the beta chain of human chorionic gonadotropin, known as hCG-Beta, which is an antigen often found in epithelial tumors. The presence of hCG-Beta in these cancers correlates with a poor clinical outcome, suggesting that this molecule may contribute to tumor growth. Normal adult tissues have minimal expression of hCG-Beta; therefore, targeted immune responses are not expected to generate significant side effects.

The Phase 1 studies are complete. The Phase 1 studies investigated the safety and immunogenicity of CDX-1307 alone and in combination with adjuvants, including GM-CSF (known to increase mannose receptor expression on dendritic cells) and Toll-Like Receptor ("TLR") agonists (poly-ICLC or Hiltonol and R848 or resiquimod). Patients with an assortment of different tumor types that are known to express hCG-Beta were enrolled with retrospective analysis for hCG-Beta expression. A regimen of every two week dosing for four doses was utilized with the possibility of retreatment if patients demonstrate tumor regression or stable disease.

The Phase 1 studies enrolled over 80 patients with heavily pretreated, advanced-stage colorectal, breast, pancreatic, bladder/ureteral, ovarian and testicular cancer. All patient cohorts demonstrated a favorable safety profile with no dose limiting toxicity. The combination of CDX-1307 with TLR agonists significantly enhanced immune responses against hCG-Beta. Immune responses occurred even in the presence of high circulating levels of hCG-Beta, suggesting that the CDX-1307 can overcome antigen tolerance in advanced and heavily pretreated cancers. Nine patients in the studies experienced disease stabilization from 2.3 months to 16 months following the initiation of CDX-1307 vaccination. These data provide the basis for advancing CDX-1307 into a front-line patient population selected for hCG-Beta-expressing cancers.

In May 2010, we initiated a 60 patient randomized (1:1) Phase 2 controlled study to evaluate the CDX-1307 regimen in both neoadjuvant and adjuvant settings in patients with newly diagnosed muscle-invasive bladder cancers that express hCG-Beta.

CDX-1401

CDX-1401, also developed from the 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 APCs for generating robust immune responses against cancer cells expressing NY-ESO-1. Unlike CDX-1307, which targets the mannose receptor expressing dendritic cells, CDX-1401 is the first APC product targeting DEC-205 expressing dendritic cells. 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. We believe that

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preclinical studies have shown that CDX-1401 is effective for activation of human T-cell responses against NY-ESO-1.

In September 2009, we initiated enrollment in a dose-escalating Phase 1/2 clinical trial aimed at determining the optimal dose for further development based on the safety, tolerability, and immunogenicity of the CDX-1401 vaccine. The trial will evaluate three different doses of the vaccine in combination with TLR agonists poly-ICLC or Hiltonol and/or R848 or resiquimod. We expect to enroll approximately 50 patients with solid tumor cancers at multiple clinical sites in the United States.

In October 2010, we announced interim data for the first 20 patients enrolled in the study, 35% of whom had confirmed NY-ESO-1 expression. The interim data showed that six patients maintained stable disease and were eligible for multiple cycles of the treatment regimen, including 4 patients who have received 3 or more cycles (6 weeks of treatment followed by a 6 week rest), with stable disease of up to 11.5+ months. The treatment was well tolerated and there were no dose-limiting toxicities. Robust anti-NY-ESO-1 immunity was induced with the majority of the patients developing anti-NY-ESO-1 antibody responses and 39% of the patients having increases in NY-ESO-1 specific T cell responses, including both CD4 and CD8 responses. Importantly, the T cell responses were directed against multiple regions of the NY-ESO-1 antigen.

Preclinical and Other Development Programs

CDX-301

CDX-301 is a FMS-like tyrosine kinase 3 ligand (Flt3L) that we licensed from Amgen in March 2009. CDX-301 is a growth factor for stem cells and immune cells called dendritic cells. Based on previous experience with this molecule, we believe that CDX-301 has considerable opportunity in various transplant settings as a stem cell mobilizing agent. In addition, CDX-301 is an immune modulating molecule that increases the numbers and activity of specific types of immune cells. We believe CDX-301 has significant opportunity for synergistic development in combination with proprietary molecules in our portfolio. In March 2011, we filed an Investigational New Drug ("IND") application for CDX-301. We are in discussions with collaborators to initiate clinical development with a Phase 1 study in healthy volunteers.

CDX-1127

We have entered into a License Agreement with the University of Southampton, UK, to develop human antibodies to CD27, a potentially important target for immunotherapy of various cancers. In preclinical models, antibodies to CD27 alone have been shown to mediate anti-tumor effects, and may be particularly effective in combination with other immunotherapy. CD27 is a critical molecule in the activation pathway of lymphocytes. It acts downstream from CD40 and may provide a novel way to regulate the immune responses. In September 2010, we exercised an option under our Research and Commercialization Agreement with Medarex, whereby we have a commercial license to the human antibody technology specifically for our CD27 antibody. Preclinical models with our human monoclonal antibody to CD27 have demonstrated immune cell activation and anti-tumor responses. We expect to file an IND application for a dose escalation Phase 1 study during the fourth quarter of 2011 after completing required preclinical toxicology studies.

CDX-014

CDX-014 is a fully-human monoclonal ADC that targets TIM-1, an immunomodulatory protein that appears to down regulate immune response to tumors. The antibody, CDX-014, is linked to a potent chemotherapeutic, monomethyl auristatin E (MMAE), using Seattle Genetics' proprietary technology. The ADC is designed to be stable in the bloodstream, but to release MMAE upon

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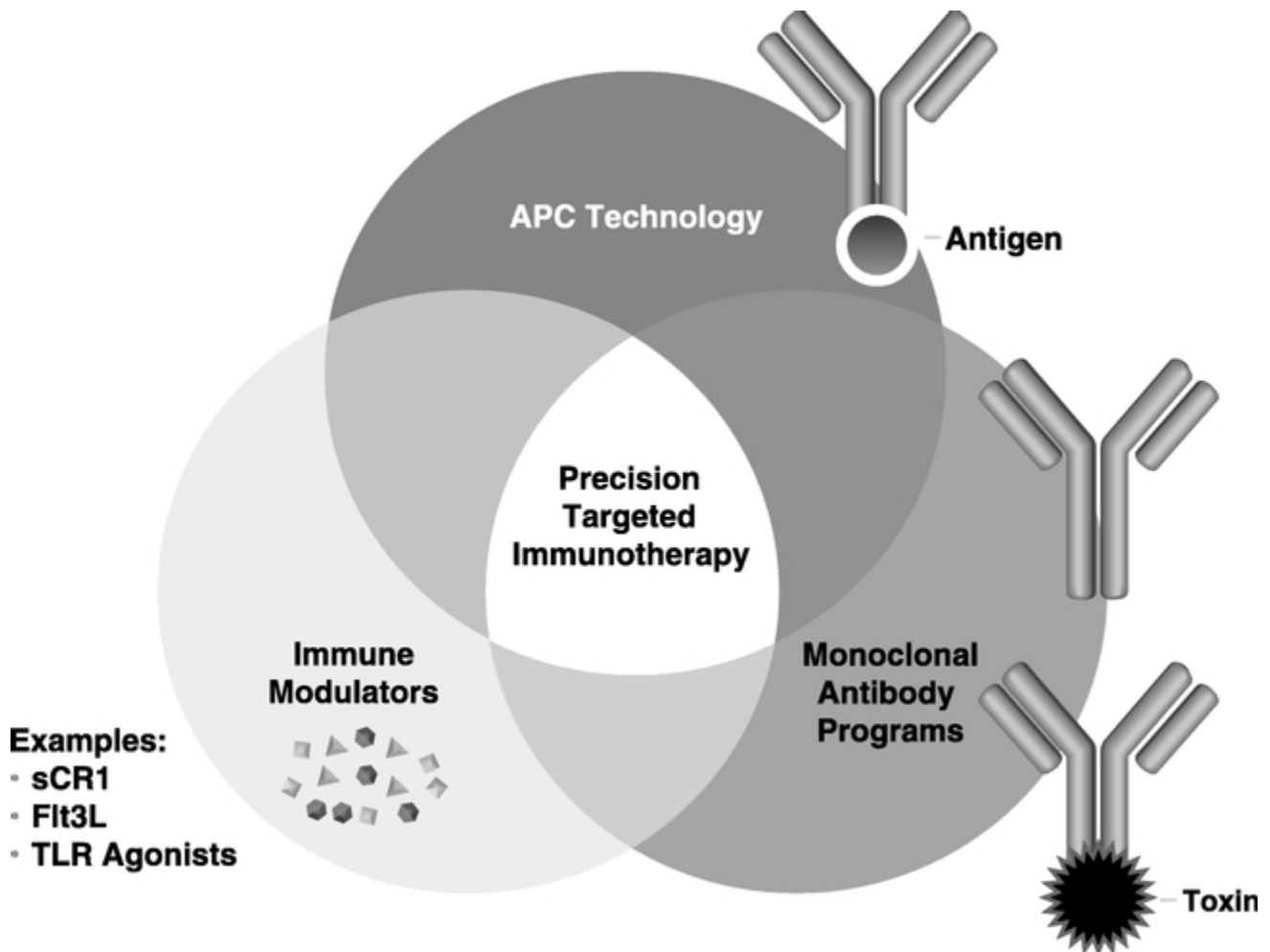
internalization into TIM-1-expressing tumor cells, resulting in a targeted cell-killing effect. CDX-014 has shown potent activity in preclinical models of ovarian and renal cancer.

CDX-1135

CDX-1135 is a molecule that inhibits a part of the 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 inhibits the activation of the complement cascade in animal models and in human clinical trials. We believe that regulating the complement system could have therapeutic and prophylactic applications in several acute and chronic conditions, including organ transplantation, multiple sclerosis, rheumatoid arthritis, age-related macular degeneration ("AMD"), atypical Hemolytic Uremic Syndrome ("aHUS"), Paroxysmal Nocturnal Hemaglobinuria ("PNH"), Dense Deposit Disease ("DDD") in kidneys, and myasthenia gravis. We are currently defining the most appropriate clinical development path for CDX-1135 and are focusing on rare disease conditions of unregulated complement activation as the fastest route to FDA approval.

Development Strategy

Precision Targeted Immunotherapy Platform:



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We believe there is tremendous untapped potential in immunotherapy that can be exploited through the right combination of therapeutic agents. Our industry has traditionally taken biologics that mediate effective cancer regression in mice and expected similar results in humans. There are many explanations why this strategy often does not succeed, but the most important is that immunotherapy has difficulties when following standard drug development. The mechanism of action is complex, activity is generally not dependent on highest tolerated dose, and patient response is highly variable. Our new understanding of the immune system, cancer's effect on immune mediated mechanisms, and the impact of conventional therapies on the immune system provides a new rationale for combining therapies that may lead to significant clinical responses. The concept of Precision Targeted Immunotherapy is to exploit this knowledge and the availability of good products that may not be sufficiently effective to be commercialized as a monotherapy, but which we believe may be very effective in combination approaches. Our goal is to develop products that maximize the efficacy of immunotherapy regimens through combinations of therapeutic agents. This includes:

Therapeutic Antibody Programs: These programs are based on the well validated approach to using antibodies that target to cancer and other diseases directly, or through interfering with critical interactions between the patient and the disease. Our antibody programs include antibody-drug conjugates (ADCs) that are designed to deliver potent cytotoxic molecules to cancer cells, and traditional unmodified antibody approaches. Our current programs are based on fully human sequence antibodies to minimize patient reactivity against the drug. In addition, we have access through a Research and Commercialization Agreement with Medarex (now a subsidiary of Bristol-Myers Squibb) to the UltiMab® Technology for generating fully human monoclonal antibodies. Under this agreement, we can exercise up to ten separate licenses to develop and commercialize therapeutic antibody products, either alone or through collaboration with our licensing partners.

Our APC Targeting Technology: This is a new class of vaccines based on our proprietary antibody-targeted vaccine technology that is used to generate an immune response against cancer or other diseases. Our APC Targeting Technology uses human monoclonal antibodies linked to disease associated antigens to efficiently deliver the attached antigens to immune cells known as antigen presenting cells, or APCs. This technology has been designed to allow us to take advantage of many important characteristics of human monoclonal antibodies, including their long circulating half-life, well known safety profile, and standardized manufacturing procedures. We believe that our APC Targeting Technology provides significant manufacturing, regulatory and other practical advantages over patient specific and other immune-based treatments and can substantially reduce the dosage and cost currently required in conventional immunotherapies. Preclinical studies have demonstrated that APC Targeting Technology is more effective than conventional non-targeted vaccines. We have developed several proprietary monoclonal antibodies that can independently be developed to generate new product opportunities. Our CDX-1307 and CDX-1401 programs are in clinical development with the APC technology.

Immune System Modulators: Immune system modulators include drugs that activate or suppress specific parts of the immune system. Currently we are combining our APC technology product candidates with molecules known as Toll-Like Receptor (TLR) agonists that can activate patients' innate and adaptive immunity. We are also developing an immune cell growth factor called FMS-like tyrosine kinase 3 ligand (FLT3-L or CDX-301) designed to expand immune cells and stem cells. In addition, we are investigating the activity of a complement inhibitor (CDX-1135) that suppresses inflammatory reactions. These agents further support our Precision Targeted Immunotherapy Platform.

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Antibody-Drug Conjugates (ADC): ADCs are monoclonal antibodies that are linked to potent cell-killing drugs. Our ADCs utilize fully-human monoclonal antibodies that internalize within target cells after binding to their cell-surface receptors. Enzymes present inside the cell cause the cell-killing drug to be released from the monoclonal antibody, allowing it to have the desired activity. A key component of our ADCs is the linker that attaches the drug to the monoclonal antibody. When the ADC is internalized within the target cell, the drug is released, thereby minimizing toxicity to normal tissues. Our CDX-011 program is in clinical development with the ADC technology.

Our strategy is to utilize our expertise to design and develop targeted immunotherapeutics that have significant and growing market potential; to establish governmental and corporate alliances to fund development; and to commercialize our products either through corporate partners or, in appropriate circumstances, through our own direct selling efforts. Our goal is to demonstrate clinical proof-of-concept for each product, and then seek partners to help see those products which we cannot develop ourselves through to commercialization. This approach allows us to maximize the overall value of our technology and product portfolios while best ensuring the expeditious development of each individual product.

Factors that may significantly harm our commercial success, and ultimately the market price of our common stock, include but are not limited to, announcements of technological innovations or new commercial products by our competitors, disclosure of unsuccessful results of clinical testing or regulatory proceedings and governmental approvals, adverse developments in patent or other proprietary rights, public concern about the safety of products developed by us and general economic and market conditions. See "Item 1A. Risk Factors."

Partnerships

Our strategy is to develop and demonstrate proof-of-concept for our product candidates before leveraging their value through partnerships or, in appropriate situations, continuing late stage development through commercialization ourselves. We have entered into collaborative partnership agreements with pharmaceutical and other companies and organizations that provide financial and other resources, including capabilities in research, development, manufacturing, and sales and marketing, to support our research and development programs. We depend on these relationships and may enter into more of them in the future. Some of our partners have substantial responsibility to commercialize a product and to make decisions about the amount and timing of resources that are devoted to developing and commercializing a product. As a result, we do not have complete control over how resources are used toward some of our products.

Partnership agreements may terminate without benefit to us if the underlying products are not fully developed. If we fail to meet our obligations under these agreements, they could terminate and we might need to enter into relationships with other collaborators and to spend additional time, money, and other valuable resources in the process.

We cannot predict whether our collaborators will continue their development efforts or, if they do, whether their efforts will achieve success. Many of our collaborators face the same kinds of risks and uncertainties in their business that we face. A delay or setback to a partner will, at a minimum, delay the commercialization of any affected products, and may ultimately prevent it. Moreover, any partner could breach its agreement with us or otherwise not use best efforts to promote our products. A partner may choose to pursue alternative technologies or products that compete with our technologies or products. In either case, if a partner failed to successfully develop one of our products, we would need to find another partner. Our ability to do so would depend upon our legal right to do so at the time and whether the product remained commercially viable.

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GlaxoSmithKline plc ("Glaxo") and Paul Royalty Fund II, L.P. ("PRF")

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. Glaxo gained approval for its rotavirus vaccine, Rotarix®, in Mexico in July 2004, which represented the first in a series of worldwide approvals and commercial launches for the product leading up to the approval in Europe in 2006 and in the U.S. in 2008. We licensed-in our rotavirus strain in 1995 and owe a license fee of 30% to Cincinnati Children's Hospital Medical Center ("CCH") on net royalties received from Glaxo. We are obligated to maintain a license with CCH with respect to the Glaxo agreement. The term of the Glaxo agreement is through the expiration of the last of the relevant patents covered by the agreement, although Glaxo may terminate the agreement upon 90 days prior written notice. The last relevant patent is scheduled to expire in December 2012. No additional milestone payments are due from Glaxo under the agreement.

In May 2005, we entered into an agreement whereby an affiliate of PRF purchased a 70% interest in the milestone payments and net royalties that we will receive on the development and worldwide sales of Rotarix®. We have received a total of \$60 million in milestone payments under the PRF agreement. No additional milestone payments are due from PRF under the agreement. The PRF agreement terminates on December 12, 2012, unless otherwise extended.

Royalty rates on Rotarix® escalate from 7% to 10% based on net product sales in countries that have valid patent protection. These royalty rates are discounted by 30% for "non-patent" countries (primarily international markets). In September 2006, we received notice from Glaxo that Glaxo would begin paying royalties on sales of Rotarix® vaccine at the lower of the two royalty rates under their 1997 license agreement. Glaxo's decision to pay the lower royalty rate (which is 70% of the full rate) is based upon Glaxo's assertion that Rotarix® is not covered by the patents Glaxo licensed from us in Australia and certain European countries. We are currently evaluating the basis for Glaxo's action and our potential remedies. If Glaxo's position stands, the royalties to which PRF is entitled will no longer be limited by a \$27.5 million annual threshold. With respect to the \$27.5 million annual threshold, if worldwide net royalties on sales of Rotarix® exceed \$27.5 million in any year, we would retain approximately 65% of all royalties in excess of \$27.5 million. Irrespective of Glaxo's position, we will still retain approximately 65% of the royalties on worldwide sales of Rotarix® if PRF receives 2.45 times the aggregate cash payments of \$60 million it made to us, though the potential amount of such residual royalties will be lower if Glaxo's position stands.

In late March 2010, the FDA temporarily suspended the use of Rotarix® in the United States as a precautionary measure following the discovery of PCV-1 DNA material in the vaccine. In May 2010, the FDA determined that healthcare practitioners could resume the use of Rotarix®. Our royalties from sales of Rotarix® were negatively impacted during the year ended December 31, 2010 by the FDA's decision to temporarily suspend the use of Rotarix® from March 2010 through May 2010 and that negative impact from the temporary suspension may extend into the future as well. However, our net loss and cash position were not impacted even though our royalty revenue was impacted because there was an offsetting impact on our royalty expense.

Pfizer Animal Health Agreement

We entered into a licensing agreement in December 2000 with Pfizer's Animal Health Division whereby Pfizer has licensed our technology for the development of animal health and food safety vaccines. Under the agreement, we may receive additional milestone payments of up to \$3 million based upon attainment of specified milestones. We may receive royalty payments on eventual product sales. The term of this agreement is through the expiration of the last of the patents covered by the agreement. We have no obligation to incur any research and development costs in connection with this agreement.

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Vaccine Technologies, Inc. ("VTI")

In January 2009, we entered into a license agreement with VTI under which we granted a worldwide exclusive license to VTI to develop and commercialize our CholeraGarde® and ETEC vaccine programs. We may receive milestones payments of up to \$0.8 million and royalties in the low to mid teens with respect to development and commercialization of the technology licensed to VTI.

TopoTarget A/S ("TopoTarget")

Under our April 2008 agreement ("TopoTarget Agreement") with TopoTarget, we could receive up to \$6 million in either potential commercial milestone payments related to future net sales of Belinostat or 10% of any sublicense income received by TopoTarget ("TopoTarget Payments"). We have no financial and operational responsibility for the clinical development of Belinostat under the TopoTarget Agreement. In February 2010, TopoTarget entered into a co-development and commercialization agreement for Belinostat with Spectrum Pharmaceuticals, Inc. resulting in our receipt of \$3 million of the TopoTarget Payments.

Research Collaboration and License Agreements

We have entered into license agreements whereby we have received licenses or options to license technology, specified patents and/or patent applications. These license and collaboration agreements generally provide for royalty payments equal to specified percentages of product sales, annual license maintenance fees, continuing patent prosecution costs and potential future milestone payments to third parties upon the achievement of certain development, regulatory and/or commercial milestones.

Medarex, Inc., a subsidiary of Bristol-Myers Squibb ("Medarex")

We and Medarex, a former related party, have entered into the following agreements, each of which was approved by a majority of its independent directors who did not have an interest in the transaction. These agreements include:

- An Assignment and License Agreement, as amended, ("Assignment and License Agreement") that provides for the assignment of certain patent and other intellectual property rights and a license to certain Medarex technology related to the Company's APC Targeting Technology and an anti-mannose receptor product; and
- A Research and Commercialization Agreement, as amended, ("Research and Commercialization Agreement") that provides us with certain rights to obtain exclusive commercial licenses to proprietary monoclonal antibodies raised against certain antigens utilizing the Medarex UltiMAB® technology platform for generating antibodies.

Under the terms of the Assignment and License Agreement, we may be required to pay royalties in the low-single digits on any net product sale of a Licensed Royalty-Bearing Product or Anti-Mannose Product to Medarex until the later of (i) the expiration of the last to expire applicable patent and (ii) the tenth anniversary of the first commercial sale of such licensed product. Under the terms of the Research and Commercialization Agreement, we may be required to pay milestones of up to \$7.0 million upon obtaining first approval for commercial sale in a first indication of a product containing a licensed antibody and royalty payments in the low- to mid-single digits on any net product sales to Medarex with respect to the development of any products containing such licensed antibodies until the later of (i) the expiration of the last to expire applicable patent and (ii) the tenth anniversary of the first commercial sale of such licensed product. In September 2010, we exercised an option under our Research and Commercialization Agreement, whereby we have a commercial license to the human antibody technology specifically for CDX-1127, our CD27 antibody.

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In October 2007, we and Medarex entered into a settlement and mutual release agreement which settled disputed amounts we owed Medarex. We issued to Medarex 351,692 shares of our common stock equal in value to \$3.0 million, based on the per share price of \$8.64 set on the second trading day prior to the closing date of the AVANT Merger and exchanged releases. In October 2009, we paid Medarex an additional \$3.0 million owed under the Master Services Agreement.

Rockefeller University ("Rockefeller")

In November 2005, we and Rockefeller entered into a license agreement for the exclusive worldwide rights to human DEC-205 receptor, with the right to sublicense the technology. The license grant is exclusive except that Rockefeller may use and permit other nonprofit organizations to use the human DEC-205 receptor patent rights for educational and research purposes. We may be required to pay milestones of up to \$3.9 million upon obtaining first approval for commercial sale in a first indication of a product targeting the licensed receptor and royalty payments in the low- to mid-single digits on any net product sales to Rockefeller with respect to development and commercialization of the human DEC-205 receptor.

Duke University Brain Tumor Cancer Center ("Duke")

In September 2006, we and Duke entered into a license agreement that gave us access and reference to the clinical data generated by Duke and its collaborators in order for us to generate our own filing with the FDA relating to the CDX-110 product. We may be required to pay milestones of up to \$1.0 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Duke with respect to development and commercialization of the CDX-110 product. In connection with the Pfizer Agreement, we determined that \$2.4 million was payable to Duke as a sublicense fee. As provided for under the Duke license, we paid 50% of this amount to Duke in the form of 81,512 shares of our common stock in October 2008.

Ludwig Institute for Cancer Research ("Ludwig")

In October 2006, we and Ludwig entered into an agreement for the nonexclusive rights to certain cancer tumor targets for use in combination with our APC Targeting Technology. The term of the agreement is for ten years. We may be required to pay milestones of up to \$1.0 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Ludwig with respect to development and commercialization of the technology licensed from Ludwig.

Alteris Therapeutics, Inc. ("Alteris")

In October 2005, we completed the acquisition of the assets of Alteris, including the EGFRvIII molecule. We may be required to pay Alteris up to \$5.0 million upon obtaining the first approval for commercial sale of a product containing EGFRvIII, including CDX-110.

Thomas Jefferson University ("TJU")

In February 2003, we entered into two exclusive license agreements with TJU. Under these licenses, we may be required to pay milestones of up to \$3.0 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to TJU with respect to development and commercialization of the technology licensed from TJU. In connection with the Pfizer Agreement, we amended our licenses with TJU to add additional sublicensing rights and paid \$4.5 million in sublicense fees to TJU in 2008.

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3M Company

In June 2008, we and 3M Company entered into a license agreement for the exclusive worldwide rights to access 3M Company's proprietary Immune Response Modifier, Resiquimod, (and additional Toll-Like Receptor 7/8 agonists ("TLR")) for clinical study with our proprietary APC Targeting Technology, for use as vaccine adjuvants, with the right to sublicense the technology. We may be required to pay milestones of up to \$3.8 million upon obtaining first approval for commercial sale of each product using this vaccine adjuvant and royalty payments in the low-single digits on any net product sales to 3M Company with respect to development and commercialization of the technology licensed from 3M Company.

University of Southampton, UK ("Southampton")

In November 2008, we entered into a license agreement with Southampton to develop human antibodies towards CD27, a potentially important target for immunotherapy of various cancers. CD27 is a critical molecule in the activation pathway of lymphocytes, is downstream from CD40, and may provide a novel way to regulate the immune responses. In preclinical models, antibodies to CD27 have been shown to mediate anti-tumor effects alone, and may be particularly effective in combination with our other immunotherapies. We may be required to pay milestones of up to approximately \$1.4 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Southampton with respect to development and commercialization of the technology licensed from Southampton.

Amgen Inc. ("Amgen")

In March 2009, we entered into a license agreement with Amgen to expand our Precision Targeted Immunotherapy Platform by acquiring exclusive rights to FMS-like tyrosine kinase 3 ligand (Flt3L or CDX-301) and CD40 ligand (CD40L). CDX-301 and CD40L are immune modulating molecules that increase the numbers and activity of immune cells that control immune responses. We may be required to pay milestones of up to \$1.3 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Amgen with respect to development and commercialization of this technology licensed from Amgen.

Amgen Fremont (formerly Abgenix)

In connection with the CuraGen Merger, we assumed the license agreement between CuraGen and Amgen Fremont (successor in-interest to Abgenix) to develop fully-human monoclonal antibody therapeutics. In May 2009, an amendment to the license agreement ("Amgen Amendment") was entered into related to CuraGen's exclusive rights to develop and commercialize CDX-011 and 11 other licensed antigens. Under the Amgen Amendment, CuraGen and Amgen Fremont agreed to modify the terms of their existing cross-license of antigens whereby the amended license would be fully paid-up and royalty-free (except for any potentially required payments by CuraGen to the original licensor of CDX-011).

Seattle Genetics, Inc. ("Seattle Genetics")

In connection with the CuraGen Merger, we assumed the license agreement between CuraGen and Seattle Genetics whereby CuraGen acquired the rights to proprietary antibody-drug conjugate ("ADC") technology for use with its proprietary antibodies for the potential treatment of cancer. We may be required to pay milestones of up to \$7.5 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the mid-single digits on any net product sales to Seattle Genetics with respect to development and commercialization of the ADC technology.

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Competition

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Many of the products that we are attempting to develop and commercialize will be competing with existing therapies. In addition, a number of companies are pursuing the development of pharmaceuticals that target the same diseases and conditions that we are targeting. We face competition from pharmaceutical and biotechnology companies both in the United States and abroad. Our competitors may utilize discovery technologies and techniques or partner with collaborators in order to develop products more rapidly or successfully than us or our collaborators are able to do. Many of our competitors, particularly large pharmaceutical companies, have substantially greater financial, technical and human resources than we do. In addition, academic institutions, government agencies and other public and private organizations conducting research may seek patent protection with respect to potentially competitive products or technologies and may establish exclusive collaborative or licensing relationships with our competitors.

We face intense competition in our development activities. We face competition from many companies in the United States and abroad, including a number of large pharmaceutical companies, firms specialized in the development and production of vaccines, adjuvants and vaccine and immunotherapeutic delivery systems and major universities and research institutions. The competitors for which we are aware have initiated a Phase 3 study or have obtained marketing approval for a potentially competitive drug include Alexion, Agenus, Baxter, Dendreon, Eli Lilly, GlaxoSmithKline, ImmunoGen, Merck, Northwest Biotherapeutics, Pfizer, Roche, Sanofi-Aventis, Seattle Genetics, and Takeda. We are aware that Dendreon has received marketing approval for Provenge, a therapeutic vaccine for the treatment of prostate cancer which may compete with CDX-1307 and CDX-1401. In addition, companies such as Eli Lilly with its approved product Erbitux for the treatment of colorectal cancer, and Roche with its product Herceptin® for the treatment of metastatic breast cancer, have already commercialized antibody-based products that may compete with CDX-1307, CDX-1401 and CDX-011. Various other companies are developing or commercializing products in areas that we have targeted for product development. Some of these products use therapeutic approaches that may compete directly with our product candidates. Many of these companies and institutions, either alone or together with their partners, have substantially greater financial resources and larger research and development staffs than we do. These companies may succeed in obtaining approvals from the FDA and foreign regulatory authorities for their products sooner than we do for our products.

We are aware of a number of competitive products currently available in the marketplace or under development that are used for the prevention and treatment of the diseases that we have targeted for product development. Various companies are currently marketing or developing biopharmaceutical products that may compete with our product candidates that target colorectal cancer. Product candidates we may develop are also subject to competition in the treatment of colorectal cancer from a number of products already approved and on the market, including the following chemotherapy products: AstraZeneca PLC's Tomudex®, Hoffman-LaRoche's Xeloda® (capecitabine), Immunex Corporation's Leucovorin® calcium, ImClone Systems' Erbitux, Pfizer, Inc.'s Camptosar® (irinotecan) and Aduracil® (5-FU), Sanofi-Synthelabo Group's Eloxatin (oxaliplatin), Genentech's anti-VEGF antibody, Avastin, GlaxoSmithKline's Eniluracil, and Titan Pharmaceuticals' CeaVac, in the treatment of patients with advanced-stage colorectal cancer. In addition, we are aware that other companies such as BioSante, Dendreon and Seattle Genetics may be developing additional cancer vaccines that could potentially compete with some of our other product candidates. We may also face competition from Bristol-Myers Squibb, which is developing a therapeutic vaccine for the treatment of melanoma using its Ipilimumab product candidate. We also face competition from a number of companies working in the fields of anti-angiogenesis and specific active immunotherapy for the treatment of solid tumor cancers. We expect that competition among specific active immunotherapy

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and anti-angiogenesis products approved for sale will be based on various factors, including product efficacy, safety, reliability, availability, price and patent position.

We are aware of specific companies that are developing antibody-drug conjugates (ADCs) for use in the treatment of cancer. Trastuzumab-DM1 (T-DM1) is a first-in-class HER2 antibody-drug conjugate comprised of Genentech's (a member of the Roche Group) trastuzumab antibody linked to ImmunoGen's cell-killing agent, DM1. T-DM1 combines anti-HER2 activity and targeted intracellular delivery of the potent anti-microtubule agent, DM1 (a maytansine derivative). A Phase 3 clinical trial evaluating T-DM1 for second-line HER2-positive metastatic breast cancer may be competitive with our developmental program in the breast cancer indication. Other ADCs are in development by our collaborator of the MMAE technology, Seattle Genetics, using monomethylaurastatin derivatives as the cell-killing agent in hematologic cancers and other cancers. Marketed products that are used in the treatment of melanoma include dacarbazine, temozolamide, and interleukin-2. In addition, several other pharmaceutical and biotechnology companies are engaged in research and development for the treatment of melanoma. Many more products are on the market or in development for the treatment of metastatic breast cancer. At this time, it is not clear in what manner CDX-011 will compete with these other commercial and development stage products in metastatic melanoma and breast cancer.

We also face competition from pharmaceutical and biotechnology companies, academic institutions, government agencies and private research organizations in recruiting and retaining highly qualified scientific personnel and consultants and in the development and acquisition of technologies. Moreover, technology controlled by third parties that may be advantageous to our business may be acquired or licensed by our competitors, thereby preventing us from obtaining technology on commercially reasonable terms, if at all. We will also compete for the services of third parties that may have already developed or acquired internal biotechnology capabilities or made commercial arrangements with other biopharmaceutical companies to target the diseases on which we have focused both in the U.S. and outside of the U.S.

Our competitive position will also depend upon our ability to attract and retain qualified personnel, obtain patent protection or otherwise develop proprietary products or processes and secure sufficient capital resources for the often lengthy period between technological conception and commercial sales. We will require substantial capital resources to complete development of some or all of our products, obtain the necessary regulatory approvals and successfully manufacture and market our products. In order to secure capital resources, we anticipate having to sell additional capital stock, which would dilute existing stockholders. We may also attempt to obtain funds through research grants and agreements with commercial collaborators. However, these types of fundings are uncertain because they are at the discretion of the organizations and companies that control the funds. As a result, we may not receive any funds from grants or collaborations. Alternatively, we may borrow funds from commercial lenders, likely at high interest rates, which would increase the risk of any investment in us.

Manufacturing

We have no experience in large scale manufacturing and we have relied upon collaborators or contractors to manufacture some of our proposed products for both clinical and commercial purposes to date. We have established our own manufacturing facility in Fall River, Massachusetts, to produce antibodies, vaccines and other products that we may develop at scale for clinical trials. In 2010, we completed renovations at our Fall River, MA manufacturing facility which increased our capacity by installing a 1000L bioreactor and made the facility European Medicines Agency ("EMA") compliant. Implementing EMA requirements along with FDA Good Manufacturing Practices ("GMP") will allow us to distribute potential products to clinical sites in both the US and EU. In order for us to establish a commercial manufacturing facility, we will require substantial additional funds and will be required to hire and retain significant additional personnel and comply with the extensive GMP regulations applicable to such facility. The commercial manufacturing facility would also need to be licensed for

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the production of antibodies, vaccines and other products by the FDA. We intend to establish manufacturing arrangements with manufacturers that comply with the FDA's requirements and other regulatory standards, although there can be no assurance that we will be able to do so.

While we believe that there is currently sufficient capacity worldwide for the production of our potential products by our collaborators or through contract manufacturers, establishing long-term relationships with contract manufacturers and securing multiple sources for the necessary quantities of clinical and commercial materials required can be a challenge. Qualifying the initial source of clinical and ultimately commercial material is a time consuming and expensive process due to the highly regulated nature of the pharmaceutical/biotech industry. These costs are hopefully mitigated in the economies of scale realized in commercial manufacture and product sale. The key difficulty in qualifying more than one source for each product is the duplicated time and expense in doing so without the potential to mitigate these costs if the secondary source is never utilized.

As part of the Pfizer Termination, we acquired rindopepimut drug product that was manufactured by Pfizer which we intend to use in our upcoming Phase 3 clinical trial. We intend to establish a relationship with a contract manufacturer for the future commercial manufacturing of rindopepimut. To date, we have utilized contract manufacturers for the manufacture of clinical trial supplies of CDX-011 and CDX-1135. The two clinical lots of CDX-1307 used in our completed Phase 1 clinical trials of CDX-1307 were manufactured by contract manufacturers. We manufactured additional quantities of CDX-1307 in our Fall River facility to meet our current Phase 2 clinical trial material requirements. We also manufactured in our Fall River facility CDX-1401 clinical materials for our current Phase 1/2 clinical trial and CDX-301 and CDX-1127 clinical materials for our planned Phase 1 clinical trials. Manufacture of the rotavirus vaccine is the responsibility of Glaxo, which has received from us a worldwide exclusive license to commercialize this vaccine.

The manufacturing processes for our other vaccine and immunotherapeutic delivery systems and vaccines utilize known technologies. We believe that the products we currently have under development can be scaled up to permit manufacture in commercial quantities. However, there can be no assurance that we will not encounter difficulties in scaling up the manufacturing processes.

Use of third party manufacturers limits our control over and ability to monitor the manufacturing process. As a result, we may not be able to detect a variety of problems that may arise and may face additional costs in the process of interfacing with and monitoring the progress of our contract manufacturers. If third party manufacturers fail to meet our manufacturing needs in an acceptable manner, we would face delays and additional costs while we develop internal manufacturing capabilities or find alternative third party manufacturers. It may not be possible to have multiple third party manufacturers ready to supply us with needed material at all or without incurring significant costs.

Marketing

Under the terms of existing and future partnership agreements, we rely and expect to continue to rely on the efforts of our collaborators, including Glaxo, for the sale and marketing of our products. There can be no assurance that our collaborators will develop and market vaccine products incorporating our technologies, or, if marketed, that such efforts will be successful. The failure of our collaborators to successfully market products would harm our business.

We have retained, and in the future intend to retain, marketing rights to some of our product candidates, including vaccine and immunotherapeutic delivery systems and vaccine candidates, in selected geographic areas and for specified indications. We intend to seek marketing and distribution agreements and/or co-promotion agreements for the distribution of our products in these geographic areas and for these indications. We believe that these arrangements could enable us to generate greater financial return than might be obtained from early stage licensing and collaboration agreements. We currently have no marketing and sales staff and limited experience relating to marketing and

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distribution of commercial products, including vaccines. If we determine in the future to engage in direct marketing of our products, we will be required to recruit an experienced marketing group, develop a supporting distribution capability and incur significant additional expenditures. There can be no assurance that we will be able to establish a successful marketing force. We may choose or find it necessary to enter into strategic partnerships on uncertain, but potentially unfavorable, terms to sell, market and distribute our products. Any delay in the marketing or distribution of our products, whether it results from problems with internal capabilities or with a collaborative relationship, could harm the value of an investment in us.

Patents, Licenses and Proprietary Rights

In general, our intellectual property strategy is to protect our technology by filing patent applications and obtaining patent rights covering our own technology, both in the United States and in foreign countries that we consider important to our business. In addition, we have acquired and will seek to acquire as needed or desired, exclusive rights of others through assignment or license to complement our portfolio of patent rights. We also rely on trade secrets, unpatented know-how and technological expertise and innovation to develop and maintain our competitive position.

Patents

The successful development and marketing of products by us will depend in part on our ability to create and maintain intellectual property, including patent rights. We are the owner or exclusive licensee to proprietary patent positions in the areas of vaccine technologies, antibody technologies and complement inhibitor technology. Although we continue to pursue patent protection for our products, no assurance can be given that any pending application will issue as a patent, that any issued patent will have a scope that will be of commercial benefit, or that we will be able to successfully enforce our patent position against infringers. We routinely review our patent portfolio and adjust its strategies for prosecution and maintenance of individual cases according to a number of factors including program priorities, stage of development, and patent term.

We own or license rights under more than 400 granted patents and national and regional patent applications around the world covering inventions relating to our business. The key patents owned by us or licensed to us that we consider important to our business include the following (the indicated and estimated patent expiry dates do not include any possible Patent Term Extensions or Supplementary Protection Certificates, if these may be secured in due course):

- Patents for the technology used in CDX-110 have expiration dates through 2014 in the United States and through 2015 in the United Kingdom, Germany and France. We also have rights under patent applications around the world relating to uses of CDX-110 which are currently pending. If issued and maintained to full term in a form which covers commercial use of CDX-110, the latter filings could potentially provide additional patent protection for the relevant use in the relevant territories to 2026.
- Our patent portfolio for CDX-011 includes an issued patent in Europe and pending patent applications in the US and Japan. If issued and maintained to full term in due course, these would have estimated patent expiry dates in 2025. In addition, patent rights relating to the toxin and conjugation technology used in CDX-011 have been licensed from Seattle Genetics.
- US patents and worldwide pending patent applications for the technology used in CDX-1307 have current or estimated expiration dates (subject to issue in the case of pending applications) that range from 2021 to 2024.

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- We have a pending international patent application relating to the technology used in CDX-1401 which, if issued in the main designated territories and maintained to full term in due course, would have estimated patent expiry dates in 2028.
- Patents for the technology used in CDX-301 have current expiration dates that range from 2016 in the major European territories to 2020 in the US.
- We have licensed pending patent applications in the US, Europe and Japan relating to the technology used in CDX-1127. If issued and maintained to full term in due course, these would have estimated patent expiry dates in 2027. Further filings are also under preparation.
- Our patent portfolio for CDX-014 includes pending patent applications in the US, Europe and Japan. If issued and maintained to full term in due course, these would have estimated patent expiry dates in 2024.
- Patents for the technology used in CDX-1135 have expiration dates that range from 2013 to 2016.
- Patents for the technology used in the cholera and typhoid vaccines expire between 2013 and 2016. Our patent portfolio for ETEC includes pending patent applications around the world which, if issued and maintained to full term in due course, would have estimated patent expiry dates in 2028.
- Licensed patents for our rotavirus strain that we licensed to Glaxo have expiration dates in 2011 and 2012.

There can be no assurance that patent applications owned by or licensed to us will result in granted patents or that, if granted, the resultant patents will afford protection against competitors with similar technology. It is also possible that third parties may obtain patents or other proprietary rights that may be necessary or useful to us. In cases where third parties are first to invent a particular product or technology, it is possible that those parties will obtain patents that will be sufficiently broad to prevent us from using important technology or from further developing or commercializing important vaccine and immunotherapeutic systems and vaccine candidates. If licenses from third parties are necessary but cannot be obtained, commercialization of the covered products might be delayed or prevented. Even if these licenses can be obtained, they would probably require us to pay ongoing royalties and other costs, which could be substantial.

Although a patent has a statutory presumption of validity in the United States, the issuance of a patent is not conclusive as to validity or as to the enforceable scope of the patent claims. The validity or enforceability of a patent after its issuance by the Patent and Trademark Office can be challenged in litigation. As a business that uses a substantial amount of intellectual property, we face a heightened risk of intellectual property litigation. If the outcome of the litigation is adverse to the owner of the patent, third parties may then be able to use the invention covered by the patent without authorization or payment. There can be no assurance that our issued patents or any patents subsequently issued to or licensed by us will not be successfully challenged in the future. In addition, there can be no assurance that our patents will not be infringed or that the coverage of our patents will not be successfully avoided by competitors through design innovation.

We are aware that others, including universities and companies, have filed patent applications and have been granted patents in the United States and other countries which claim subject matter potentially useful or necessary to the commercialization of our products. The ultimate scope and validity of existing or future patents which have been or may be granted to third parties, and the availability and cost of acquiring rights in those patents necessary to the manufacture, use or sale of our products presently cannot be determined by us.

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Third parties may have or may obtain valid and enforceable patents or proprietary rights that could block us from developing products using our technology, including:

- certain patents and applications in the United States and Europe owned by Sanofi-Aventis, which relate to antibody-antigen conjugates and methods of their use for eliciting an immune response against the antigen;
- certain patents and applications in the United States and foreign countries covering particular antigens and antigenic fragments targeted by our current vaccine product candidates, including CDX-1307 and CDX-1401;
- certain patents and pending applications related to particular receptors and other molecules on dendritic cells and macrophages that may be useful for generating monoclonal antibodies and can be employed in our APC Targeting Technology;
- two United States patents and related foreign patents and applications covering methods of diagnosing gliomas by detecting the presence of the EGFRvIII (tumor specific splice variant) protein;
- a United States patent relating to certain uses of GM-CSF;
- a European patent relating to certain tumor antigen splice variants;
- a United States patent owned by Genentech, Inc., relating to the production of recombinant antibodies in host cells;
- a United States patent owned by GlaxoSmithKline plc related to methods of culturing cells under certain conditions; and
- certain patents held by third parties relating to antibody expression in particular types of host cells.

The CholeraGarde® vaccine candidate and our VibrioVec® vaccine delivery system utilize mutated *Vibrio cholerae* strains. We are aware of an issued U.S. patent which claims a culture of mutated *Vibrio cholerae*. We believe that only one claim (the "Claim") of the patent may be pertinent to our CholeraGarde® and VibrioVec® products. The remaining claims of the patent cover other cultures, which we believe are not pertinent to the CholeraGarde® or VibrioVec® products. Our assessment is that the Claim is invalid. While a party challenging the validity of a patent has the burden of proving invalidity, the outcome of any litigation cannot be predicted with certainty. Accordingly, there can be no assurance that, if litigated, a court would conclude that the Claim is invalid.

In addition to the patents referred to in the previous paragraphs, there may be other patent applications and issued patents belonging to competitors that may require us to alter our vaccine candidates and vaccine and immunotherapeutic delivery systems, pay licensing fees or cease some of our activities. If our product candidates conflict with patents that have been or may be granted to competitors, universities or others, the patent owners could bring legal action against us claiming damages and seeking to enjoin manufacturing and marketing of the patented products. If any of these actions is successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected products. There can be no assurance that we would prevail in any such action or that any license required under any such third party patent would be made available on acceptable terms or at all. We believe that there may be significant litigation in the biotechnology and vaccine industries regarding patent and other intellectual property rights. If we become involved in that litigation, we could consume substantial resources.

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Licenses

We have entered into several significant license agreements relating to technology that is being developed by us and/or our collaborators. In general, these institutions have granted us an exclusive worldwide license (with right to sublicense) to make, use and sell products embodying the licensed technology, subject to the reservation by the licensor of a non-exclusive right to use the technologies for non-commercial research purposes. Generally, the term of each license is through the expiration of the last of the patents issued with respect to the technologies covered by the license. We have generally agreed to use reasonable efforts to develop and commercialize licensed products and to achieve specified milestones and pay license fees, milestone payments and royalties based on the net sales of the licensed products or to pay a percentage of sublicense income. If we breach our obligations, the licensor has the right to terminate the license, and, in some cases, convert the license to a non-exclusive license. Generally, we control and are responsible for the cost of defending the patent rights of the technologies that we license.

Proprietary Rights

We also rely on unpatented technology, trade secrets and confidential information, and no assurance can be given that others will not independently develop substantially equivalent information and techniques or otherwise gain access to our know-how and information, or that we can meaningfully protect our rights in such unpatented technology, trade secrets and information. We require each of our employees, consultants and advisors to execute a confidentiality agreement at the commencement of an employment or consulting relationship with us. The agreements generally provide that all inventions conceived by the individual in the course of employment or in providing services to us and all confidential information developed by, or made known to, the individual during the term of the relationship shall be the exclusive property of us and shall be kept confidential and not disclosed to third parties except in limited specified circumstances. There can be no assurance, however, that these agreements will provide meaningful protection for our information in the event of unauthorized use or disclosure of such confidential information.

Government Regulation

Our activities and products are significantly regulated by a number of governmental entities, including the FDA in the United States and by comparable authorities in other countries. These entities regulate, among other things, the manufacture, testing, safety, effectiveness, labeling, documentation, advertising and sale of our products. We must obtain regulatory approval for a product in all of these areas before we can commercialize the product. Product development within this regulatory framework takes a number of years and involves the expenditure of substantial resources. Many products that initially appear promising ultimately do not reach the market because they are found to be unsafe or ineffective when tested. Our inability to commercialize a product would impair our ability to earn future revenues.

FDA Approval Process

In the United States, vaccines and immunotherapeutics for human use are subject to FDA approval as "biologics" under the Public Health Service Act and "drugs" under the Federal Food, Drug and Cosmetic Act. The steps required before a new product can be commercialized include: preclinical studies in animals, clinical trials in humans to determine safety and efficacy and FDA approval of the product for commercial sale.

Data obtained at any stage of testing is susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. Moreover, during the regulatory process, new or changed drug approval policies may cause unanticipated delays or rejection of our product. We may not obtain

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necessary regulatory approvals within a reasonable period of time, if at all, or avoid delays or other problems in testing our products. Moreover, even if we received regulatory approval for a product, the approval may require limitations on use, which could restrict the size of the potential market for the product.

The FDA provides that human clinical trials may begin thirty (30) days after receipt and review of an IND application, unless the FDA requests additional information or changes to the study protocol within that period. An IND must be sponsored and filed by us for each of our proposed products. Authorization to conduct a clinical trial in no way assures that the FDA will ultimately approve the product. Clinical trials are usually conducted in three sequential phases. In a Phase 1 trial, the product is given to a small number of healthy volunteers to test for safety (adverse effects). Phase 2 trials are conducted on a limited group of the target patient population; safety, optimal dosage and efficacy are studied. A Phase 3 trial is performed in a large patient population over a wide geographic area to provide evidence for the safety of the product and to prove and confirm efficacy. The FDA has ongoing oversight over all these trials and can order a temporary or permanent discontinuation if warranted. Such an action could materially harm us. Clinical tests are critical to the success of our products but are subject to unforeseen and uncontrollable delay, including delay in enrollment of patients. Any delay in clinical trials could delay our commercialization of a product.

A product's safety and effectiveness in one test is not necessarily indicative of its safety and effectiveness in another test. Moreover, we may not discover all potential problems with a product even after completing testing on it. Some of our products and technologies have undergone only preclinical testing. As a result, we do not know whether they are safe or effective for humans. Also, regulatory authorities may decide, contrary to our findings, that a product is unsafe or not as effective in actual use as its test results indicated. This could prevent the product's widespread use, require its withdrawal from the market or expose us to liability.

The results of the clinical trials and all supporting data are submitted to the FDA for approval. A Biologics License Application ("BLA") is submitted for a biologic product; a New Drug Application ("NDA") for a drug product. The interval between IND filing and BLA/NDA filing is usually at least several years due to the length of the clinical trials, and the BLA/NDA review process can take over a year. During this time the FDA may request further testing or additional trials or may turn down the application. Even with approval, the FDA frequently requires post-marketing safety studies (known as Phase 4 trials) to be performed.

The FDA requires that the manufacturing facility that produces a licensed product meet specified standards, undergo an inspection and obtain an establishment license prior to commercial marketing. Subsequent discovery of previously unknown problems with a product or its manufacturing process may result in restrictions on the product or the manufacturer, including withdrawal of the product from the market. Failure to comply with the applicable regulatory requirements can result in fines, suspensions of regulatory approvals, product recalls, operating restrictions and criminal prosecution.

Expedited Review and Approval

The FDA has various programs, including fast track, priority review, and accelerated approval, that are intended to expedite or simplify the process for reviewing drugs, and/or provide for approval on the basis of surrogate endpoints. Generally, drugs that may be eligible for these programs are those for serious or life-threatening conditions, those with the potential to address unmet medical needs, and those that offer meaningful benefits over existing treatments, however, these programs do not affect the standards for approval. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform post-marketing clinical trials.

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Orphan Drug

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making available in the United States a drug for this type of disease or condition will be recovered from sales in the United States for that drug. If a product that has orphan drug designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other applications to market the same drug for the same indication, except in very limited circumstances, for seven years.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory standards is not maintained or if problems occur after the product reaches the market. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further FDA review and approval. In addition, the FDA may require testing and surveillance programs to monitor the effect of approved products that have been commercialized, and the FDA has the power to prevent or limit further marketing of a product based on the results of these post-marketing programs.

Foreign Regulation

In addition to regulations in the United States, we will be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we must obtain approval of a product by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The approval process varies from country to country and the time may be longer or shorter than that required for FDA approval. Approval by the FDA does not ensure approval by the regulatory bodies of other countries.

Under European Union regulatory systems, we may submit marketing authorization applications either under a centralized or decentralized procedure. The centralized procedure, which is compulsory for medicines produced by biotechnology and optional for those which are highly innovative, provides for the grant of a single marketing authorization that is valid for all European Union member states. The decentralized procedure provides for mutual recognition of national approval decisions. Under the decentralized procedure, the holder of a national marketing authorization may submit an application to the remaining member states. Within 90 days of receiving the applications and assessments report each member state must decide whether to recognize approval. If a member state does not recognize the marketing authorization, the disputed points are eventually referred to the European Commission, whose decision is binding on all member states. As in the United States, we may apply for designation of our products as orphan drug for the treatment of a specific indication in the European Union before the application for marketing authorization is made. Orphan drugs in Europe enjoy economic and marketing benefits, including a 10-year market exclusivity period for the approved indication, but not for the same drug, unless another applicant can show that its product is safer, more effective or otherwise clinically superior to the orphan-designated product.

Our collaborators are also subject to all of the above-described regulations in connection with the commercialization of products utilizing our technology.

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Other Regulatory Processes

We are subject to a variety of financial disclosure and securities trading regulations as a public company in the U.S., including laws relating to the oversight activities of the SEC and the regulations of the NASDAQ Global Market, on which our shares are traded. We are also subject to regulation under other federal laws and regulation under state and local laws, including laws relating to occupational safety, laboratory practices, environmental regulations, and hazardous substance control.

Product Liability

The risk of product liability claims, product recalls and associated adverse publicity is inherent in the testing, manufacturing, marketing and sale of medical products. If and when we manufacture vaccines that are recommended for routine administration to children, we will be required to participate in the National Vaccine Injury Compensation Program. This program compensates children having adverse reactions to certain routine childhood immunizations with funds collected through an excise tax from the manufacturers of these vaccines.

Under our license agreements, we are required to maintain clinical trial liability insurance coverage up to \$14 million. However, there can be no assurance that such insurance coverage is or will continue to be adequate or available. We may choose or find it necessary under our collaborative agreements to increase our insurance coverage in the future. We may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for mandatory damages could exceed the amount of our coverage. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product recall could generate substantial negative publicity about our products and business and inhibit or prevent commercialization of other product candidates.

Employees

As of December 31, 2010, we employed 94 full time employees and 6 part time or temporary employees, 13 of whom have Ph.D. and/or M.D. degrees. Of these employees, 83 were engaged in or directly support research and development activities. We believe that our employee relations are good. We believe that our future success will depend in large part on our ability to attract and retain experienced and skilled employees.

Item 1A. RISK FACTORS

You should consider carefully these risk factors together with all of the information included or incorporated by reference in this Annual Report in addition to our financial statements and the notes to our financial statements. This section includes forward-looking statements.

The following is a discussion of the risk factors that we believe are material to us at this time. These risks and uncertainties are not the only ones facing us and there may be additional matters that we are unaware of or that we currently consider immaterial. All of these could adversely affect our business, results of operations, financial condition and cash flows.

Risks Related to our Business

Pfizer's termination of its global development and commercialization agreement with us may cause uncertainty surrounding, as well as delays in and increased costs for, the development of our lead clinical development program, which could adversely affect the value of our common stock, our cash position and results of operations.

We had licensed our lead clinical development program, rindopepimut, a therapeutic cancer vaccine candidate sometimes referred to as CDX-110, to Pfizer pursuant to the Pfizer Agreement,

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under which Pfizer was granted an exclusive worldwide license to rindopepimut and Pfizer would have funded all development costs for the program and would have commercialized the product. On September 1, 2010, Pfizer provided a sixty day written notice to terminate the Pfizer Agreement. In November 2010, all rights to the rindopepimut program were returned to us. We are currently evaluating our options with respect to rindopepimut, which may include licensing all or specific portions of the rights to the rindopepimut program to another third party collaborator or retaining the rights and funding the development of the rindopepimut program ourselves. If we retain the rights to the rindopepimut program and are fully responsible for its development and commercialization, we may face delays, difficulties or unanticipated costs in completing the development and commercialization of the product and will need substantial additional financing. Also, our management team does not have significant experience in completing Phase 3 clinical trials and bringing a drug candidate to commercialization. If we elect to enter into an agreement with a new third party collaborator for the licensing, development and commercialization of the product, the process of identifying a new collaborator and negotiating a new collaboration agreement may cause delays and increased costs. In addition, we may not be able to enter into a new collaboration agreement on terms as favorable as the terms in the Pfizer Agreement.

We may be unable to manage one Phase 3 clinical trial or multiple late stage clinical trials for a variety of product candidates simultaneously.

As our current clinical trials progress, we may need to manage multiple late stage clinical trials simultaneously in order to continue developing all of our current products. The management of late stage clinical trials is more complex and time consuming than early stage trials. Typically early stage trials involve several hundred patients in no more than 10-30 clinical sites. Late stage (Phase 3) trials may involve up to several thousand patients in up to several hundred clinical sites and may require facilities in several countries. Therefore, the project management required to supervise and control such an extensive program is substantially larger than early stage programs. As the need for these resources is not known until some months before the trials begin it is necessary to recruit large numbers of experienced and talented individuals very quickly. If the labor market does not allow this team to be recruited quickly the sponsor is faced with a decision to delay the program or to initiate it with inadequate management resources. This may result in recruitment of inappropriate patients, inadequate monitoring of clinical investigators and inappropriate handling of data or data analysis. Consequently it is possible that conclusions of efficacy or safety may not be acceptable to permit filing of a BLA or NDA for any one of the above reasons or a combination of several.

If we cannot sell capital stock to raise necessary funds, we may be forced to limit our research, development and testing programs.

We will need to raise more capital from investors to advance our clinical and preclinical products and to fund our operations until we receive final FDA approval and our products begin to generate revenues for us. However, based on our history of losses and the on-going uncertainty of the U.S. capital markets, we may have difficulty raising sufficient capital on terms that are acceptable to us, or at all. As of December 31, 2010, we had cash, cash equivalents and marketable securities of \$61.1 million, which, at that time, we believed would support expected operations for more than 12 months.

We continue to seek partnerships with pharmaceutical and biotech companies and with other organizations to support the clinical development of our programs, in addition to funded research grants. This kind of funding is at the discretion of other organizations and companies which have limited funds and many companies compete with us for those funds. As a result, we may not receive any research grants or funds from collaborators. If we are unable to raise the necessary funds, we may have to delay or discontinue the clinical development of programs, license out programs earlier than

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expected, raise funds at significant discount or on other unfavorable terms, if at all, or evaluate a sale of all or part of our business.

Until we begin generating revenue, we may seek funding through the sale of equity, or securities convertible into equity, and further dilution to the then existing stockholders may result. If we raise additional capital through the incurrence of debt, our business may be affected by the amount of leverage it incurs, and its borrowings may subject it to restrictive covenants.

In January 2011, we entered into a financing facility with Cantor Fitzgerald & Co., providing for the sale of up to 5 million shares of our common stock from time to time into the open market at prevailing prices. As of March 2, 2011, we had not sold any shares under this facility. We may or may not sell shares under this facility, depending on the volume and price of our common stock, as well as our capital needs and potential alternative sources of capital. If we actively sell shares under this facility, a significant number of shares of common stock could be issued in a short period of time, although we would attempt to structure the volume and price thresholds in a way that minimizes market impact. Notwithstanding these control efforts, these sales, or the perceived risk of dilution from potential sales of stock through this facility, may depress our stock price or cause holders of our common stock to sell their shares, or it may encourage short selling by market participants, which could contribute to a decline in our stock price. A decline in our stock price might impede our ability to raise capital through the issuance of additional shares of common stock or other equity securities, and may cause our stockholders to lose part or all of the value of their investment in our stock.

We rely on third parties to plan, conduct and monitor our clinical tests, and their failure to perform as required would interfere with our product development.

We rely on third parties to conduct a significant portion of our clinical development activities. These activities include clinical patient recruitment and observation, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. We conduct project management and medical and safety monitoring in-house for some of our programs and rely on third parties for the remainder of our clinical development activities. If any of these third parties fails to perform as we expect or if their work fails to meet regulatory standards, our testing could be delayed, cancelled or rendered ineffective.

We depend greatly on third party collaborators to license, develop and commercialize some of our products, and they may not meet our expectations.

We have agreements with third party collaborators for the licensing, development and ultimate commercialization of some of our products. Some of those agreements give substantial responsibility over the products to the collaborator. Some collaborators may be unable or unwilling to devote sufficient resources to develop our products as their agreements require. They often face business risks similar to ours, and this could interfere with their efforts. Also, collaborators may choose to devote their resources to products that compete with ours. If a collaborator does not successfully develop any one of our products, we will need to find another collaborator to do so. The success of our search for a new collaborator will depend on our legal right to do so at the time and whether the product remains commercially viable.

The success of our products depends in great part upon our and our collaborators' success in promoting them as superior to other treatment alternatives. We believe that our products can be proven to offer disease prevention and treatment with notable advantages over drugs in terms of patient compliance and effectiveness. However, there can be no assurance that we will be able to prove these advantages or that the advantages will be sufficient to support the successful commercialization of our products.

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We may face delays, difficulties or unanticipated costs in establishing sales, distribution and manufacturing capabilities for our commercially ready products.

We may choose to retain, rather than license to another third party, all rights to rindopepimut, CDX-011 and our APC Targeting Technology programs. If we proceed with this strategy, we will have full responsibility for commercialization of these products if and when they are approved for sale. We currently lack the marketing, sales and distribution capabilities that we will need to carry out this strategy. To market any of our products directly, we must develop a substantial marketing and sales force with technical expertise and a supporting distribution capability. We have little expertise in this area, and we may not succeed. We may find it necessary to enter into strategic partnerships on uncertain but potentially unfavorable terms to sell, market and distribute our products when they are approved for sale.

Some of our products are difficult to manufacture, especially in large quantities, and we have not yet developed commercial scale manufacturing processes for any of our products. We do not currently plan to develop internal manufacturing capabilities to produce any of our products at commercial scale if they are approved for sale. To the extent that we choose to market and distribute these products ourselves, this strategy will make us dependent on other companies to produce our products in adequate quantities, in compliance with regulatory requirements, and at a competitive cost. We may not find third parties capable of meeting those manufacturing needs.

Our products and product candidates are subject to extensive regulatory scrutiny.

All of our products and product candidates are at various stages of development and commercialization and our activities, products and product candidates are significantly regulated by a number of governmental entities, including the FDA in the United States and by comparable authorities in other countries. These entities regulate, among other things, the manufacture, testing, safety, effectiveness, labeling, documentation, advertising and sale of our products and product candidates. We or our partners must obtain regulatory approval for a product candidate in all of these areas before we can commercialize the product candidate. Product development within this regulatory framework takes a number of years and involves the expenditure of substantial resources. This process typically requires extensive preclinical and clinical testing, which may take longer or cost more than we anticipate, and may prove unsuccessful due to numerous factors. Many product candidates that initially appear promising ultimately do not reach the market because they are found to be unsafe or ineffective when tested. Companies in the pharmaceutical, biotechnology and vaccines industries have suffered significant setbacks in advanced clinical trials, even after obtaining promising results in earlier trials. Our inability to commercialize a product or product candidate would impair our ability to earn future revenues.

If our products do not pass required tests for safety and effectiveness, we will not be able to derive commercial revenue from them.

In order to succeed, we will need to derive commercial revenue from the products we have under development. The FDA has not approved our rindopepimut or CDX-011 product candidates or any of our other lead products for sale to date. Our product candidates are in various stages of preclinical and clinical testing. Preclinical tests are performed at an early stage of a product's development and provide information about a product's safety and effectiveness on laboratory animals. Preclinical tests can last years. If a product passes its preclinical tests satisfactorily, and we determine that further development is warranted, we would file an IND application for the product with the FDA, and if the FDA gives its approval we would begin Phase 1 clinical tests. Phase 1 testing generally lasts between 6 and 24 months. If Phase 1 test results are satisfactory and the FDA gives its approval, we can begin Phase 2 clinical tests. Phase 2 testing generally lasts between 6 and 36 months. If Phase 2 test results are satisfactory and the FDA gives its approval, we can begin Phase 3 pivotal studies. Phase 3 studies

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generally last between 12 and 48 months. Once clinical testing is completed and a new drug application is filed with the FDA, it may take more than a year to receive FDA approval.

In all cases we must show that a pharmaceutical product is both safe and effective before the FDA, or drug approval agencies of other countries where we intend to sell the product, will approve it for sale. Our research and testing programs must comply with drug approval requirements both in the United States and in other countries, since we are developing our lead products with the intention to, or could later decide to, commercialize them both in the U.S. and abroad. A product may fail for safety or effectiveness at any stage of the testing process. A major risk we face is the possibility that none of our products under development will come through the testing process to final approval for sale, with the result that we cannot derive any commercial revenue from them after investing significant amounts of capital in multiple stages of preclinical and clinical testing.

Product testing is critical to the success of our products but subject to delay or cancellation if we have difficulty enrolling patients.

As our portfolio of potential products moves from preclinical testing to clinical testing, and then through progressively larger and more complex clinical trials, we will need to enroll an increasing number of patients with the appropriate characteristics. At times we have experienced difficulty enrolling patients and we may experience more difficulty as the scale of our clinical testing program increases. The factors that affect our ability to enroll patients are largely uncontrollable and include principally the following:

- the nature of the clinical test;
- the size of the patient population;
- patients' willingness to receive a placebo or less effective treatment on the control arm of a clinical study;
- the distance between patients and clinical test sites; and
- the eligibility criteria for the trial.

If we cannot enroll patients as needed, our costs may increase or it could force us to delay or terminate testing for a product.

Any delay in obtaining regulatory approval would have an adverse impact on our ability to earn future revenues.

It is possible that none of the products or product candidates that we develop will obtain the regulatory approvals necessary for us to begin commercializing them. The time required to obtain FDA and other approvals is unpredictable but often can take years following the commencement of clinical trials, depending upon the nature of the product candidate. Any analysis we perform of data from clinical activities is subject to confirmation and interpretation by regulatory authorities, which could delay, limit or prevent regulatory approval. Any delay or failure in obtaining required approvals could have a material adverse effect on our ability to generate revenues from the particular product candidate including, but not limited to, loss of patent term during the approval period. Furthermore, if we, or our partners, do not reach the market with our products before our competitors offer products for the same or similar uses, or if we, or our partners, are not effective in marketing our products, our revenues from product sales, if any, will be reduced.

We face intense competition in our development activities. We face competition from many companies in the United States and abroad, including a number of large pharmaceutical companies, firms specialized in the development and production of vaccines, adjuvants and vaccine and immunotherapeutic delivery systems and major universities and research institutions. The competitors

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for which we are aware have initiated a Phase 3 study or have obtained marketing approval for a potentially competitive drug include Alexion, Agenus, Baxter, Dendreon, Eli Lilly, GlaxoSmithKline, ImmunoGen, Merck, Northwest Biotherapeutics, Pfizer, Roche, Sanofi-Aventis, Seattle Genetics, and Takeda. Most of our competitors have substantially greater resources, more extensive experience in conducting preclinical studies and clinical testing and obtaining regulatory approvals for their products, greater operating experience, greater research and development and marketing capabilities and greater production capabilities than those of ours. These companies might succeed in obtaining regulatory approval for competitive products more rapidly than we can for our products, especially if we experience any delay in obtaining required regulatory approvals.

Failure to comply with applicable regulatory requirements would adversely impact our operations.

Even after receiving regulatory approval, our products would be subject to extensive regulatory requirements, and our failure to comply with applicable regulatory requirements will adversely impact our operations. In the United States, the FDA requires that the manufacturing facility that produces a product meet specified standards, undergo an inspection and obtain an establishment license prior to commercial marketing. Subsequent discovery of previously unknown problems with a product or its manufacturing process may result in restrictions on the product or the manufacturer, including withdrawal of the product from the market. Failure to comply with the applicable regulatory requirements can result in fines, suspensions of regulatory approvals, product recalls, operating restrictions and criminal prosecution.

We depend greatly on the intellectual capabilities and experience of our key executives and scientists and the loss of any of them could affect our ability to develop our products.

The loss of Anthony S. Marucci, our President and Chief Executive Officer, or other key members of our staff, including Avery W. Catlin, our Chief Financial Officer, Dr. Thomas Davis, our Chief Medical Officer, or Dr. Tibor Keler, our Chief Scientific Officer, could harm us. We entered into employment agreements with Messrs. Marucci, Catlin, Davis and Keler. We also depend on our scientific and clinical collaborators and advisors, all of whom have outside commitments that may limit their availability to us. In addition, we believe that our future success will depend in large part upon our ability to attract and retain highly skilled scientific, managerial and marketing personnel, particularly as we expand our activities in clinical trials, the regulatory approval process and sales and manufacturing. We routinely enter into consulting agreements with our scientific and clinical collaborators and advisors, opinion leaders and heads of academic departments in the ordinary course of our business. We also enter into contractual agreements with physicians and institutions who recruit patients into our clinical trials on our behalf in the ordinary course of our business. Notwithstanding these arrangements, we face significant competition for this type of personnel from other companies, research and academic institutions, government entities and other organizations. We cannot predict our success in hiring or retaining the personnel we require for continued growth.

We rely on contract manufacturers. Should the cost, delivery and quality of clinical and commercial grade materials supplied by contract manufacturers vary to our disadvantage, our business operations could suffer significant harm.

Although we have small-lot manufacturing capability at our Fall River facility, we rely on sourcing from third-party manufacturers for suitable quantities of some of our clinical and commercial grade materials essential to preclinical and clinical studies currently underway and to planned clinical trials in addition to those currently being conducted by third parties or us. The inability to have suitable quality and quantities of these essential materials produced in a timely manner would result in significant delays in the clinical development and commercialization of products, which could adversely affect our business, financial condition and results of operations. We also rely on collaborators and contract

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manufacturers to manufacture proposed products in both clinical and commercial quantities in the future. Our leading vaccine candidates require specialized manufacturing capabilities and processes.

We may face difficulty in securing commitments from U.S. and foreign contract manufacturers as these manufacturers could be unwilling or unable to accommodate our needs. Relying on foreign manufacturers involves peculiar and increased risks, including the risk relating to the difficulty foreign manufacturers may face in complying with GMP requirements as a result of language barriers, lack of familiarity with GMP or the FDA regulatory process or other causes, economic or political instability in or affecting the home countries of our foreign manufacturers, shipping delays, potential changes in foreign regulatory laws governing the sales of our product supplies, fluctuations in foreign currency exchange rates and the imposition or application of trade restrictions.

There can be no assurances that we will be able to enter into long-term arrangements with third party manufacturers on acceptable terms, or at all. Further, contract manufacturers must also be able to meet our timetable and requirements, and must operate in compliance with GMP; failure to do so could result in, among other things, the disruption of product supplies. As noted above, non-U.S. contract manufacturers may face special challenges in complying with GMP requirements, and although we are not currently dependent on non-U.S. collaborators or contract manufacturers, we may choose or be required to rely on non-U.S. sources in the future as we seek to develop stable supplies of increasing quantities of materials for ongoing clinical trials of larger scale. Our dependence upon third parties for the manufacture of our products may adversely affect our profit margins and our ability to develop and deliver products on a timely and competitive basis.

The significant third-parties who we currently rely on for sourcing of suitable quantities of some of our clinical and commercial grade materials include:

- Pfizer, on a transitional basis, Bayer, and Genzyme for rindopepimut;
- Dalton for Hiltonol which is an integral part of several of our drug products;
- 3M for Resiquimod which is an integral part of several of our drug products; and
- Piramal for the CDX-011 drug product.

If we or our third-party manufacturers are unable to produce drug material in suitable quantities of appropriate quality, in a timely manner, and at a feasible cost, our clinical tests will face delays.

Certain factors could negatively affect the demand for and sales and profitability of Rotarix®, which would have a material adverse affect on our revenues.

We have licensed a rotavirus strain to Glaxo for the purposes of Glaxo developing and commercializing their Rotarix® vaccine worldwide. The term of the Glaxo agreement is through the expiration of the last of the relevant patents covered by the agreement, although Glaxo may terminate the agreement upon 90 days prior written notice. The last relevant patent is scheduled to expire in December 2012. Glaxo gained approval for Rotarix® in Mexico in July 2004, in the European Union in February 2006 and in the United States in April 2008. In May 2005, we entered into an agreement whereby an affiliate of PRF purchased a 70% interest in the net royalties we receive on worldwide sales of Rotarix®. In addition, we retain upside participation in the worldwide net royalties from Rotarix® once, and if, PRF receives an agreed upon return on capital invested (2.45 times PRF's aggregate cash payments to us of \$60 million). The PRF agreement terminates on December 12, 2012, unless otherwise extended. The following are potential factors, among others, that may negatively affect the demand for Rotarix®:

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- Competitors in the pharmaceuticals, biotechnology and vaccines market have greater financial and management resources, and significantly more experience in bringing products to market, and may develop, manufacture and market products that are more effective or less expensive than Rotarix®;
- Rotarix® could be replaced by a novel product and may become obsolete;
- Glaxo may be unable to prevent third parties from infringing upon their proprietary rights related to Rotarix®;
- Users may not accept such a recently approved product without years of proven history; and
- We are dependent on Glaxo for the manufacturing, testing, acquisition of regulatory approvals, marketing, distribution and commercialization of Rotarix®.

Any of these factors could have a material adverse effect on the sales of Rotarix® and our revenues.

Other factors could affect the demand for and sales and profitability of Rotarix® and any other of our current or future products.

In general, other factors that could affect the demand for and sales and profitability of our products include, but are not limited to:

- The timing of regulatory approval, if any, of competitive products;
- Our, Glaxo's, or any other of our partners' pricing decisions, as applicable, including a decision to increase or decrease the price of a product, and the pricing decisions of our competitors;
- Government and third-party payer reimbursement and coverage decisions that affect the utilization of our products and competing products;
- Negative safety or efficacy data from new clinical studies conducted either in the U.S. or internationally by any party could cause the sales of our products to decrease or a product to be recalled;
- The degree of patent protection afforded our products by patents granted to or licensed by us and by the outcome of litigation involving our or any of our licensor's patents;
- The outcome of litigation involving patents of other companies concerning our products or processes related to production and formulation of those products or uses of those products;
- The increasing use and development of alternate therapies;
- The rate of market penetration by competing products; and
- The termination of, or change in, existing arrangements with our partners.

Any of these factors could have a material adverse effect on Glaxo's sales of Rotarix® and on any other of our current or future products and results of operations.

We face the risk of product liability claims, which could exceed our insurance coverage, and produce recalls, each of which could deplete our cash resources.

As a participant in the pharmaceutical, biotechnology and vaccines industries, we are exposed to the risk of product liability claims alleging that use of our products or product candidates caused an injury or harm. These claims can arise at any point in the development, testing, manufacture, marketing or sale of our products or product candidates and may be made directly by patients involved in clinical trials of our products, by consumers or healthcare providers or by individuals, organizations or

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companies selling our products. Product liability claims can be expensive to defend, even if the product or product candidate did not actually cause the alleged injury or harm.

Insurance covering product liability claims becomes increasingly expensive as a product candidate moves through the development pipeline to commercialization. Under our license agreements, we are required to maintain clinical trial liability insurance coverage up to \$14 million. However, there can be no assurance that such insurance coverage is or will continue to be adequate or available to us at a cost acceptable to us or at all. We may choose or find it necessary under our collaborative agreements to increase our insurance coverage in the future. We may not be able to secure greater or broader product liability insurance coverage on acceptable terms or at reasonable costs when needed. Any liability for damages resulting from a product liability claim could exceed the amount of our coverage, require us to pay a substantial monetary award from our own cash resources and have a material adverse effect on our business, financial condition and results of operations. Moreover, a product recall, if required, could generate substantial negative publicity about our products and business and inhibit or prevent commercialization of other products and product candidates.

In addition, some of our licensing and other agreements with third parties require or might require us to maintain product liability insurance. If we cannot maintain acceptable amounts of coverage on commercially reasonable terms in accordance with the terms set forth in these agreements, the corresponding agreements would be subject to termination, which could have a material adverse impact on our operations.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them.

Because we rely on third parties to develop our products, we must share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with our collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements will typically restrict the ability of our collaborators, advisors, employees and consultants to publish data potentially relating to our trade secrets. Our academic collaborators typically have rights to publish data, provided that we are notified in advance and may delay publication for a specified time in order to secure our intellectual property rights arising from the collaboration. In other cases, publication rights are typically controlled exclusively by us, although in some cases we may share these rights with other parties. We also conduct joint research and development programs which may require us to share trade secrets under the terms of research and development partnership or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development or publication of information including our trade secrets in cases where we do not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of our trade secrets would impair our competitive position.

We may not be able to successfully integrate newly-acquired technology with our existing technology or to modify our technologies to create new vaccines.

As part of our acquisition of technology assets from entities such as 3M Company and Amgen, we have acquired access to Resiquimod (a TLR 7/8 agonist) and Flt3L, which may improve the immunogenicity of our vaccines. If we are able to integrate these licensed assets with our vaccine technologies, we believe these assets will give our vaccines a competitive advantage. However, if we are unable to successfully integrate licensed assets, or other technologies which we have acquired or may acquire in the future, with our existing technologies and potential products currently under development, we may be unable to realize any benefit from our acquisition of these assets, or other

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technologies which we have acquired or may acquire in the future and may face the loss of our investment of financial resources and time in the integration process.

We believe that our vaccine technology portfolio may offer opportunities to develop vaccines that treat a variety of oncology, inflammatory and infectious diseases by stimulating a patient's immune system against those disease organisms. If our vaccine technology portfolio cannot be used to create effective vaccines against a variety of disease organisms, we may lose all or portions of our investment in development efforts for new vaccine candidates.

We license technology from other companies to develop products, and those companies could influence research and development or restrict our use of it.

Companies that license technologies to us that we use in our research and development programs may require us to achieve milestones or devote minimum amounts of resources to develop products using those technologies. They may also require us to make significant royalty and milestone payments, including a percentage of any sublicensing income, as well as payments to reimburse them for patent costs. The number and variety of our research and development programs require us to establish priorities and to allocate available resources among competing programs. From time to time we may choose to slow down or cease our efforts on particular products. If in doing so we fail to fully perform our obligations under a license, the licensor can terminate the licenses or permit our competitors to use the technology. Moreover, we may lose our right to market and sell any products based on the licensed technology.

We have many competitors in our field and they may develop technologies that make ours obsolete.

Biotechnology, pharmaceuticals and therapeutics are rapidly evolving fields in which scientific and technological developments are expected to continue at a rapid pace. We have many competitors in the U.S. and abroad. The competitors for which we are aware have initiated a Phase 3 study or have obtained marketing approval for a potentially competitive drug include Alexion, Agenus, Baxter, Dendreon, Eli Lilly, GlaxoSmithKline, ImmunoGen, Merck, Northwest Biotherapeutics, Pfizer, Roche, Sanofi-Aventis, Seattle Genetics, and Takeda. Our success depends upon our ability to develop and maintain a competitive position in the product categories and technologies on which we focus. Many of our competitors have greater capabilities, experience and financial resources than we do. Competition is intense and is expected to increase as new products enter the market and new technologies become available. Our competitors may:

- develop technologies and products that are more effective than ours, making ours obsolete or otherwise noncompetitive;
- obtain regulatory approval for products more rapidly or effectively than us; and
- obtain patent protection or other intellectual property rights that would block our ability to develop competitive products.

We rely on patents, patent applications and other intellectual property protections to protect our technology and trade secrets; which are expensive and may not provide sufficient protection.

Our success depends in part on our ability to obtain and maintain patent protection for technologies that we use. Biotechnology patents involve complex legal, scientific and factual questions and are highly uncertain. To date, there is no consistent policy regarding the breadth of claims allowed in biotechnology patents, particularly in regard to patents for technologies for human uses like those we use in our business. We cannot predict whether the patents we seek will issue. If they do issue, a competitor may challenge them and limit their scope. Moreover, our patents may not afford effective protection against competitors with similar technology. A successful challenge to any one of our patents

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could result in a third party's ability to use the technology covered by the patent. We also face the risk that others will infringe, avoid or circumvent our patents. Technology that we license from others is subject to similar risks and this could harm our ability to use that technology. If we, or a company that licenses technology to us, were not the first creator of an invention that we use, our use of the underlying product or technology will face restrictions, including elimination.

If we must defend against suits brought against us or prosecute suits against others involving intellectual property rights, we will incur substantial costs. In addition to any potential liability for significant monetary damages, a decision against us may require us to obtain licenses to patents or other intellectual property rights of others on potentially unfavorable terms. If those licenses from third parties are necessary but we cannot acquire them, we would attempt to design around the relevant technology, which would cause higher development costs and delays, and may ultimately prove impracticable.

Our business requires us to use hazardous materials, which increases our exposure to dangerous and costly accidents.

Our research and development activities involve the use of hazardous chemicals, biological materials and radioactive compounds. Although we believe that our safety procedures for handling and disposing of hazardous materials comply with the standards prescribed by applicable laws and regulations, we cannot completely eliminate the risk of accidental contamination or injury from these materials. In the event of an accident, an injured party will likely sue us for any resulting damages with potentially significant liability. The ongoing cost of complying with environmental laws and regulations is significant and may increase in the future.

Health care reform and restrictions on reimbursement may limit our returns on potential products.

Because our strategy ultimately depends on the commercial success of our products, we assume, among other things, that end users of our products will be able to pay for them. In the United States and other countries, in most cases, the volume of sales of products like those we are developing depends on the availability of reimbursement from third-party payors, including national health care agencies, private health insurance plans and health maintenance organizations. Third-party payors increasingly challenge the prices charged for medical products and services. Accordingly, if we succeed in bringing products to market, and reimbursement is not available or is insufficient, we could be prevented from successfully commercializing our potential products.

The health care industry in the United States and in Europe is undergoing fundamental changes as a result of political, economic and regulatory influences. Reforms proposed from time to time include mandated basic health care benefits, controls on health care spending, the establishment of governmental controls over the cost of therapies, creation of large medical services and products purchasing groups and fundamental changes to the health care delivery system. We anticipate ongoing review and assessment of health care delivery systems and methods of payment in the United States and other countries. We cannot predict whether any particular reform initiatives will result or, if adopted, what their impact on us will be. However, we expect that adoption of any reform proposed will impair our ability to market products at acceptable prices and that uncertainty concerning future government regulation of consumer healthcare purchasing and insurance may result in difficulties for drug development companies, like Celldex, in raising capital.

Changes in laws affecting the health care industry could adversely affect our business.

In the U.S., there have been numerous proposals considered at the federal and state levels for comprehensive reforms of health care and its cost, and it is likely that federal and state legislatures and health agencies will continue to focus on health care reform in the future. Congress has considered

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legislation to reform the U.S. health care system by expanding health insurance coverage, reducing health care costs and making other changes. While health care reform may increase the number of patients who have insurance coverage for our products, it may also include cost containment measures that adversely affect reimbursement for our products. Congress has also considered legislation to change the Medicare reimbursement system for outpatient drugs, increase the amount of rebates that manufacturers pay for coverage of their drugs by Medicaid programs and facilitate the importation of lower-cost prescription drugs that are marketed outside the U.S. Some states are also considering legislation that would control the prices of drugs, and state Medicaid programs are increasingly requesting manufacturers to pay supplemental rebates and requiring prior authorization by the state program for use of any drug for which supplemental rebates are not being paid. Managed care organizations continue to seek price discounts and, in some cases, to impose restrictions on the coverage of particular drugs. Government efforts to reduce Medicaid expenses may lead to increased use of managed care organizations by Medicaid programs. This may result in managed care organizations influencing prescription decisions for a larger segment of the population and a corresponding constraint on prices and reimbursement for our products.

We and our collaborators and partners operate in a highly regulated industry. As a result, governmental actions may adversely affect our business, operations or financial condition, including:

- new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to health care availability, method of delivery and payment for health care products and services;
- changes in the FDA and foreign regulatory approval processes that may delay or prevent the approval of new products and result in lost market opportunity;
- changes in FDA and foreign regulations that may require additional safety monitoring, labeling changes, restrictions on product distribution or use, or other measures after the introduction of our products to market, which could increase our costs of doing business, adversely affect the future permitted uses of approved products, or otherwise adversely affect the market for our products;
- new laws, regulations and judicial decisions affecting pricing or marketing practices; and
- changes in the tax laws relating to our operations.

The enactment in the U.S. of health care reform, possible legislation which could ease the entry of competing follow-on biologics in the marketplace, new legislation or implementation of existing statutory provisions on importation of lower-cost competing drugs from other jurisdictions, and legislation on comparative effectiveness research are examples of previously enacted and possible future changes in laws that could adversely affect our business. In addition, the Food and Drug Administration Amendments Act of 2007 included new authorization for the FDA to require post-market safety monitoring, along with an expanded clinical trials registry and clinical trials results database, and expanded authority for the FDA to impose civil monetary penalties on companies that fail to meet certain commitments.

If physicians, patients and third-party payors do not accept any future drugs that we may develop, we may be unable to generate significant revenue, if any.

Even if our drug candidates as well as any drug candidates that we may develop or acquire in the future obtain regulatory approval, they may not gain market acceptance among physicians, patients and health care payors. Physicians may elect not to recommend these drugs for a variety of reasons including:

- timing of market introduction of competitive drugs;

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- lower demonstrated clinical safety and efficacy compared to other drugs;
- lack of cost-effectiveness;
- lack of availability of reimbursement from third-party payors;
- convenience and ease of administration;
- prevalence and severity of adverse side effects;
- other potential advantages of alternative treatment methods; and
- ineffective marketing and distribution support.

If our approved drugs fail to achieve market acceptance, we would not be able to generate sufficient revenue from product sales to maintain or grow our business.

Risks Related to our Capital Stock

Our history of losses and uncertainty of future profitability make our common stock a highly speculative investment.

We have had no commercial revenues to date from sales of our human therapeutic or vaccine products and cannot predict when we will. We have an accumulated deficit of \$160.2 million as of December 31, 2010. We expect to spend substantial funds to continue the research and development testing of our products that we have in the preclinical and clinical testing stages of development that have not been partnered.

In anticipation of FDA approval of these products, we will need to make substantial investments to establish sales, marketing, quality control, and regulatory compliance capabilities. These investments will increase if and when any of these products receive FDA approval. We cannot predict how quickly our lead products will progress through the regulatory approval process. As a result, we may continue to lose money for several years.

We cannot be certain that we will achieve or sustain profitability in the future. Failure to achieve profitability could diminish our ability to sustain operations, pay dividends on our common stock, obtain additional required funds and make required payments on our present or future indebtedness.

Our share price has been and could remain volatile.

The market price of our common stock has historically experienced and may continue to experience significant volatility. From January 2010 through December 2010, the market price of our common stock has fluctuated from a high of \$9.49 per share in the second quarter of 2010, to a low of \$2.91 per share in the third quarter of 2010. Our progress in developing and commercializing our products, the impact of government regulations on our products and industry, the potential sale of a large volume of our common stock by stockholders, our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us or our competitors could cause the market price of our common stock to fluctuate substantially with significant market losses. If our stockholders sell a substantial number of shares of common stock, especially if those sales are made during a short period of time, those sales could adversely affect the market price of our common stock and could impair our ability to raise capital. In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our common stock. In addition, we could be subject to a securities class action litigation as a result of volatility in the price of our stock, which could result in substantial costs and diversion of management's attention and resources and could harm our stock price, business, prospects, results of operations and financial condition.

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The restrictive covenants contained in our credit agreement may limit our activities.

On December 30, 2010, we entered into a Loan and Security Agreement (the "Loan Agreement") with MidCap Financial, LLC ("MidCap") pursuant to which we borrowed \$10 million (the "Term Loan") from MidCap. In March 2011, we amended the Loan Agreement and borrowed an additional \$5 million from General Electric Capital Corporation ("GECC") (collectively with MidCap, the "Lenders") to increase the amount owed under the Term Loan to \$15 million. Our obligations under the Term Loan 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 (the "Collateral"). Under the Term Loan, we are subject to specified affirmative covenants customary for loans of this type, including but not limited to the obligations to maintain good standing, provide various notices to the Lenders, deliver financial statements to the Lenders, maintain adequate insurance, promptly discharge all taxes, protect our intellectual property and protect the Collateral. The Company is also subject to certain negative covenants customary for loans of this type, including but not limited to prohibitions against certain mergers and consolidations, certain management and ownership changes constituting a "change of control," and the imposition of additional liens on Collateral or other of our assets, as well as prohibitions against additional indebtedness, certain dispositions of property, changes in our business, name or location, payment of dividends, prepayment of certain other indebtedness, certain investments or acquisitions, and certain transactions with affiliates, in each case subject to certain customary exceptions, including exceptions that allow us to enter into non-exclusive and/or exclusive licenses and similar agreements providing for the use of our intellectual property in collaboration with third parties provided certain conditions are met.

Failure to comply with the restrictive covenants in our Term Loan could accelerate the repayment of any debt outstanding under the Term Loan. Additionally, as a result of these restrictive covenants, we may be at a disadvantage compared to our competitors that have greater operating and financing flexibility than we do.

Our ability to use our net operating loss carryforwards will be subject to limitation and, under certain circumstances, may be eliminated.

Utilization of our net operating loss ("NOL") and research and development ("R&D") credit carryforwards may be subject to substantial annual limitation due to ownership change limitations that have occurred previously or that could occur in the future provided by Section 382 of the Internal Revenue Code of 1986 ("Section 382"), as well as similar state provisions. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50 percentage points over a three-year period.

In October 2007, June 2009 and in December 2009, Celldex Research experienced a change in ownership as defined by Section 382 of the Internal Revenue Code. Celldex Research, since its formation, had raised capital through the issuance of capital stock on several occasions which, combined with shareholders' subsequent disposition of those shares, has resulted in three changes of control, as defined by Section 382. As a result of the ownership change in October 2007, utilization of its Federal NOLs is subject to an annual limitation. Any unused annual limitation may be carried over to later years, and the amount of the limitation may, under certain circumstances, be subject to adjustment if the fair value of the our net assets are determined to be below or in excess of the tax basis of such assets at the time of the ownership change, and such unrealized loss or gain is recognized during the five-year period after the ownership change. Subsequent ownership changes, as defined in Section 382, could further limit the amount of net operating loss carryforwards and research and development credits that can be utilized annually to offset future taxable income.

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We have not undertaken a study to assess whether an ownership change or multiple ownership changes has occurred for (i) Celldex Therapeutics, (ii) CuraGen, (iii) Celldex Research on the state level, or (iv) R&D credits. If there has been an ownership change at any time since its formation, utilization of NOL or tax credit carryforwards would be subject to an annual limitation under Section 382.

Refer to Note 15, "Income Taxes," in the accompanying notes to the consolidated financial statements for additional discussion on income taxes.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Our significant leased properties are described below.

Property Location	Approximate Square Feet	Use	Lease Expiration Date
Needham, Massachusetts	35,200	Office Headquarters and Laboratory	April 2017
Fall River, Massachusetts	23,400	Manufacturing Facility	December 2017(1)
Phillipsburg, New Jersey	19,400	Office and Laboratory	August 2016(2)
New Haven, Connecticut	3,000	Office	January 2013(3)

- (1) Lease includes two renewal options of five years each.
- (2) Lease includes one renewal option of five years.
- (3) Lease includes one renewal option of three years.

Item 3. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings.

Item 4. RESERVED

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PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock currently trades on The Nasdaq Global Market (the "NASDAQ") under the symbol "CLDX". Effective October 1, 2008, we changed our name from AVANT Immunotherapeutics, Inc. to Celldex Therapeutics, Inc. Prior to October 1, 2008, our common stock traded on NASDAQ under the symbol "AVAN". The following table sets forth for the periods indicated the high and low sale prices per share for our common stock, as reported by NASDAQ.

Fiscal Period	High	Low
Year Ended December 31, 2010		
First Quarter	\$ 6.48	\$ 4.35
Second Quarter	9.49	4.53
Third Quarter	5.59	2.91
Fourth Quarter	4.98	3.90
Year Ended December 31, 2009		
First Quarter	\$ 11.75	\$ 5.13
Second Quarter	14.19	6.28
Third Quarter	8.10	4.80
Fourth Quarter	5.75	4.16

As of February 28, 2011, there were approximately 723 shareholders of record of our common stock. On February 28, 2011 the closing price of our common stock, as reported by NASDAQ, was \$3.94 per share. We have not paid any dividends on our common stock since our inception and do not intend to pay any dividends in the foreseeable future.

Equity Compensation Plan Information

The following table provides information as of December 31, 2010 regarding shares of our common stock that may be issued under our existing equity compensation plans, including Celldex's 2008 Stock Option and Incentive Plan (the "2008 Plan") and Celldex's 2004 Employee Stock Purchase Plan (the "2004 Plan").

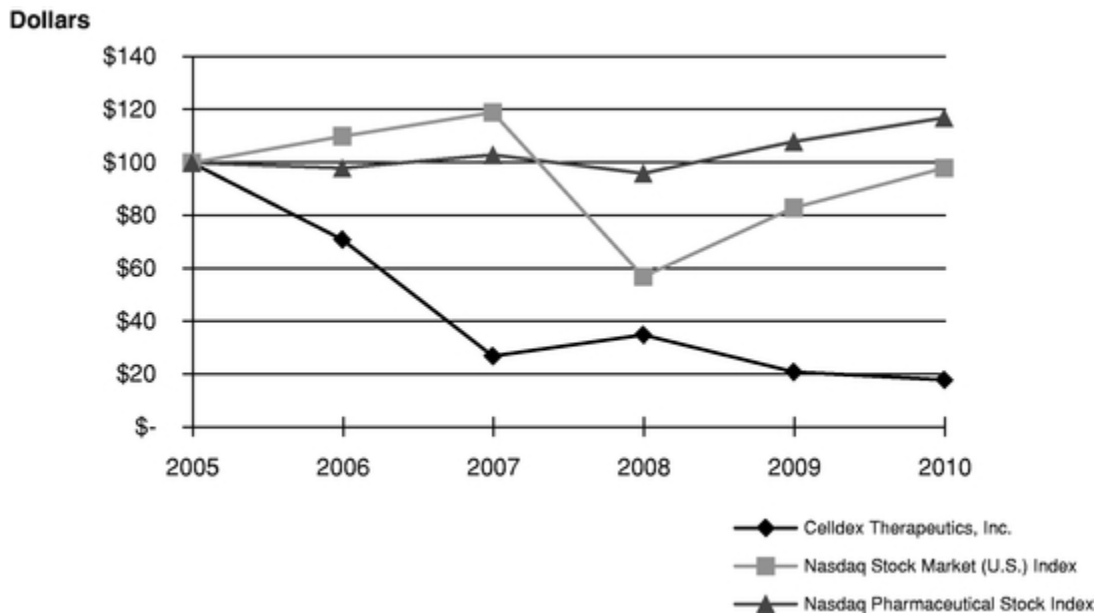
	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise of outstanding options and rights(1)	Weighted Average exercise price of outstanding options and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities referenced in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders(2)	4,019,982(3)	\$ 6.93	1,705,259(4)

- (1) Does not include any Restricted Stock as such shares are already reflected in our outstanding shares.
- (2) Consists of the 2008 Plan, 2004 Plan, Celldex Research's 2005 Equity Incentive Plan and CuraGen's 2007 Stock Plan.
- (3) Does not include purchase rights accruing under the 2004 Plan because the purchase price (and therefore the number of shares to be purchased) will not be determined until the end of the purchase period.
- (4) Includes shares available for future issuance under the 2008 Plan and the 2004 Plan.

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**CELDEX THERAPEUTICS, INC., NASDAQ
MARKET INDEX—U.S. AND
PEER GROUP INDICES**

The graph below compares the cumulative total stockholder return on the common stock for the period from December 31, 2005 through December 31, 2010, with the cumulative return on (i) NASDAQ Market Index—U.S. Companies and (ii) NASDAQ Pharmaceutical Index. The comparison assumes investment of \$100 on December 31, 2005 in our common stock and in each of the indices and, in each case, assumes reinvestment of all dividends. The points on the graph are as of December 31 of the year indicated.



	2005	2006	2007	2008	2009	2010
Celldex Therapeutics, Inc.	\$ 100	\$ 71	\$ 27	\$ 35	\$ 21	\$ 18
NASDAQ Stock Market (U.S.) Index	\$ 100	\$ 110	\$ 119	\$ 57	\$ 83	\$ 98
NASDAQ Pharmaceutical Stock Index	\$ 100	\$ 98	\$ 103	\$ 96	\$ 108	\$ 117

Item 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data are derived from our financial statements. The consolidated statement of operations data for the years ended December 31, 2010, 2009 and 2008 and the consolidated balance sheet data as of December 31, 2010 and 2009 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. This data should be read in conjunction with our audited consolidated financial statements and related notes which are included elsewhere in this Annual Report on Form 10-K, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 below.

On October 1, 2009, the CuraGen Merger became effective. The CuraGen Merger was accounted for using the acquisition method of accounting and was treated as our acquisition of CuraGen. Accordingly, the financial information presented below for periods prior to October 1, 2009 reflects the financial position and the results of operations of us alone, and for periods from October 1, 2009 forward the combined financial position and combined results of operations of us and CuraGen.

On March 7, 2008, the AVANT Merger became effective. The AVANT Merger was accounted for using the purchase method of accounting and was treated as our acquisition of AVANT. Accordingly, the financial information presented below for periods prior to March 8, 2008 reflects the financial position and the results of operations of us alone, and for periods from March 8, 2008 forward the combined financial position and combined results of operations of us and AVANT. All amounts are in thousands except per share data.

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CONSOLIDATED STATEMENTS OF OPERATIONS DATA

	2010	2009	2008	2007	2006
REVENUE:					
Product Development and Licensing Agreements	\$ 40,187	\$ 5,662	\$ 3,716	\$ 466	\$ 466
Contracts and Grants	220	1,802	533	940	433
Product Royalties	6,386	7,716	3,207	—	—
Total Revenue	46,793	15,180	7,456	1,406	899
OPERATING EXPENSE:					
Research and Development	27,650	26,169	22,636	9,892	10,013
Royalty Expense	12,077	8,397	3,711	—	—
Charge for In-Process Research and Development(2)	—	—	14,756	—	—
Other Operating Expense	13,521	17,464	15,109	7,022	9,681
Total Operating Expense	53,248	52,030	56,212	16,914	19,694
Operating Loss	(6,455)	(36,850)	(48,756)	(15,508)	(18,795)
Investment and Other Income, Net	5,259	248	1,411	435	960
Interest Expense	(1,337)	(452)	(156)	—	—
Net Loss Before Income Taxes	(2,533)	(37,054)	(47,501)	(15,073)	(17,835)
Income Tax Benefit	—	529	—	—	—
Net Loss	\$ (2,533)	\$ (36,525)	\$ (47,501)	\$ (15,073)	\$ (17,835)
Basic and Diluted Net Loss Per Common Share	\$ (0.08)	\$ (1.84)	\$ (3.34)	\$ (1.81)	\$ (2.15)
Shares Used in Calculating Basic and Diluted Net Loss Per Common Share(1)	31,868	19,823	14,217	8,309	8,279

- (1) Weighted average common shares outstanding for the years 2006 and 2007 have been adjusted to reflect the AVANT Merger and a reverse stock split of 1-for-12 effective March 7, 2008.
- (2) The 2008 amount arose as a result of the merger between AVANT and Celldex Research.

CONSOLIDATED BALANCE SHEET DATA

	2010	2009	2008	2007	2006
Working Capital	\$ 42,739	\$ 69,569	\$ 32,975	\$ (4,438)	\$ 12,178
Total Assets	109,943	140,364	69,793	9,375	22,163
Long Term Liabilities	14,480	52,190	37,558	370	914
Accumulated Deficit	(160,207)	(157,674)	(121,149)	(73,648)	(58,575)
Total Stockholders' Equity (Deficit)	75,255	73,767	18,134	(1,132)	15,144

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are a biopharmaceutical company currently focusing on the development of several immunotherapy technologies. Our lead programs include rindopepimut (CDX-110), a vaccine that is expected to enter into Phase 3 development for glioblastoma multiforme in the second half of 2011, and CDX-011, an antibody-drug conjugate currently in a randomized Phase 2b trial for treatment of advanced breast cancer. We have additional programs at various stages of clinical and preclinical development, including CDX-1127 a therapeutic human antibody candidate for cancer indications, APC Targeting Technology programs, CDX-1307 and CDX-1401, and an immune cell mobilizing agent CDX-301. We are currently resourcing our priority programs and supplement the development of additional programs through external collaborations and funding.

Our strategy is to develop and demonstrate proof-of-concept for our product candidates before leveraging their value through partnerships or, in appropriate situations, continuing late stage development through commercialization ourselves. Demonstrating proof-of-concept for a product candidate generally involves bringing it through Phase 1 clinical trials and one or more Phase 2 clinical trials so that we are able to demonstrate, based on human trials, good safety data for the product candidate and some data indicating its effectiveness. We thus leverage the value of our technology portfolio through corporate, governmental and non-governmental 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. Our current collaborations include the commercialization of an oral human rotavirus vaccine. Our product candidates address market opportunities for which we believe current therapies are inadequate or non-existent.

Our products are derived from a broad set of complementary technologies which have the ability to utilize the human immune system and enable the creation of preventative and 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. A number of our immunotherapeutic and antibody-drug conjugate product candidates are in various stages of clinical trials. We expect that a large percentage of our research and development expenses will be incurred in support of our current and future clinical trial programs.

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

Product (generic)	Indication/Field	Partner	Status
CLINICAL			
CDX-110 (rindopepimut)	Glioblastoma multiforme	—	Phase 2b
CDX-011 (glembatumumab vedotin)	Metastatic breast cancer and melanoma	—	Phase 2b
CDX-1307	Muscle-invasive bladder cancer	—	Phase 2
CDX-1401	Multiple solid tumors	—	Phase 1/2
PRECLINICAL			
CDX-301	Cancer, autoimmune disease and transplant	—	Preclinical
CDX-1127	Immuno-modulation, multiple tumors	—	Preclinical
CDX-014	Renal and ovarian cancer	—	Preclinical
MARKETED PRODUCTS			
Rotarix®	Rotavirus infection	GlaxoSmithKline	Marketed

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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. Our estimates that clinical trials of the type we generally conduct are typically completed over the following timelines:

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 or vaccine 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, biologics and vaccines 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.

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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 we 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, 2010, we incurred an aggregate of \$96.4 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 years ended December 31, 2010, 2009 and 2008. 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. Prior to 2008, the privately-held Celldex Research did not maintain records that allowed for quantification of research and development expenses by project.

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
	(In thousands)		
CLINICAL			
Rindopepimut	\$ 1,718	\$ 3,249	\$ 7,621
CDX-011	4,104	1,098	—
CDX-1307	4,067	6,510	3,446
CDX-1401	2,899	4,293	5,562
CDX-1135	839	473	159
PRECLINICAL			
CDX-301	4,345	2,424	—
CDX-1127	4,967	1,308	1,040
CDX-014	130	8	—
OTHER			
Other Programs	4,581	6,806	4,808
Total R&D Expense	\$ 27,650	\$ 26,169	\$ 22,636

Clinical Development Programs

Rindopepimut (CDX-110)

Our lead clinical development program, rindopepimut, is a peptide-based immunotherapy that targets the tumor specific molecule called EGFRvIII, a functional variant of the naturally expressed epidermal growth factor receptor ("EGFR"), a protein which has been well validated as a target for cancer therapy. Unlike EGFR, EGFRvIII is not present in normal tissues, and has been shown to be a transforming oncogene that can directly contribute to the cancer cell growth. EGFRvIII is commonly present in glioblastoma multiforme, or GBM, the most common and aggressive form of brain cancer, and has also been observed in various other cancers such as lung, liver, and head and neck cancer. The Food and Drug Administration ("FDA") has granted orphan drug designation for rindopepimut for the treatment of EGFRvIII expressing GBM as well as fast track designation.

In April 2008, we and Pfizer Inc. ("Pfizer") entered into a License and Development Agreement (the "Pfizer Agreement") under which Pfizer was granted an exclusive worldwide license to rindopepimut. The Pfizer Agreement also gave Pfizer exclusive rights to the use of EGFRvIII vaccines

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in other potential indications. The Pfizer Agreement also provided for reimbursement by Pfizer of all costs incurred by us in connection with the collaboration since the effective date.

On September 1, 2010, we received written notice (the "Pfizer Notice") from Pfizer of termination with respect to the Pfizer Agreement. The Pfizer Notice was given under a provision of the Pfizer Agreement which permitted termination at any time and for any reason, upon 60-days' written notice to us. The Pfizer Notice did not state a reason for termination. In November 2010, the Pfizer Agreement was terminated (the "Pfizer Termination") and all rights to rindopepimut were returned to us. Effective with the Pfizer Termination, Pfizer is no longer funding the development of rindopepimut.

The Phase 1 (VICTORI) and Phase 2a (ACTIVATE) studies of EGFRvIII immunotherapy were 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 14 and 18 evaluable patients, respectively. An extension of the Phase 2a study (ACT II) at the same two institutions evaluated 22 additional GBM patients treated in combination with maintenance temozolomide (TMZ) (the current standard of care).

We initiated a Phase 2b/3 randomized study (ACT III) of rindopepimut combined with standard of care, TMZ, versus standard of care alone in patients with GBM 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 temozolomide. 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 GBM.

In November 2010, we announced complete data for the primary endpoint of the 65 patients enrolled to receive rindopepimut in combination with maintenance TMZ in the ACT III study. The data showed that 43 of 65 patients (66%) were progression-free at 5.5 months after entry into the study. Taking into account the 3 to 3.5 months required to complete pre-study chemoradiation and enter into the study, the 5.5 month time point in ACT III corresponds to approximately 8.5 months after diagnosis. The ACTIVATE and ACT II trials, which were conducted in two leading centers, reported progression-free rates at 8.5 months after diagnosis of 70% and 80%, respectively, and similar results were seen in the ACT III trial, which enrolled patients in over 25 centers in the United States.

The following table summarizes the progression free survival ("PFS") and overall survival ("OS") rates from clinical trials of rindopepimut as reported in November 2010 as compared to matched historical controls and the standard of care.

	<u>Median PFS from diagnosis (months)</u>	<u>Median OS from diagnosis (months)</u>	<u>OS at 24 months</u>
ACT III (n=65)	12.3(1)	24.3(2)	50%(2)
ACT II (n=22)	15.3	24.4	50%
ACTIVATE (n=18)	14.2	24.6	50%
Matched historical control (n=17)(3)	6.4	15.2	6%
Standard of care radiation/TMZ (n=287)(4)	6.9	14.6	27%

- (1) Change in median PFS not statistically significant from ACTIVATE and ACT II.
- (2) Overall survival data for ACT III are estimated and not yet final.

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- (3) Sampson, et al. *J. Clin. Oncol.* 2010 Nov 1, 28(31), 4722-9. Historical controls were treated at M.D. Anderson and matched for eligibility (EGFRvIII-positive, KPS greater-than or equal to 80%, complete resection, radiation/TMZ and without progression through ~ 3 months post-diagnosis).
- (4) Stupp, et al. *N. Engl. J. Med.* 2005, 352, 987-96.

Importantly, rindopepimut showed a similar benefit in patients whether or not they expressed an active DNA repair gene (MGMT) that has been shown to limit the benefit from TMZ treatment. In ACT III, the number of patients who were expected to be resistant to the TMZ chemotherapy appeared to do better with vaccination than the numbers observed in the historical data. Patients who have an active DNA repair gene, MGMT (unmethylated), generally have a worse outcome, presumably because they do not gain much benefit from TMZ as reported in the literature. Patients with a methylated MGMT promoter in their tumor do not express MGMT and have a more favorable outcome to TMZ treatment. Patients with methylated tumors (n=25) that were treated with the rindopepimut regimen experienced a median PFS of 17.2 months, which compares favorably with the published data from the SOC of radiation plus TMZ (R+TMZ) of 10.3 months. Those with unmethylated tumors (n=40) treated with the rindopepimut regimen experienced a PFS of 11.2 months, which compared favorably to the PFS with SOC of 5.3 months in this patient population. Thus, rindopepimut would appear to benefit both methylated and unmethylated MGMT patients.

Based on ongoing discussions to date with the FDA, we are currently planning to initiate a pivotal Phase 3 randomized study of rindopepimut in patients with GBM in the second half of 2011.

Glembatumumab Vedotin (CDX-011)

CDX-011 is an antibody-drug conjugate (ADC) that consists of a fully-human monoclonal antibody, CR011, linked to a potent cell-killing drug, monomethyl-auristatin E (MMAE). The CR011 antibody specifically targets glycoprotein NMB or (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.

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 have received prior therapy (median of seven prior regimens). The study began with a bridging phase to confirm the maximum tolerated dose ("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 as 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 any 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

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for GPNMB expression. The tumor samples from most patients showed evidence of stromal and/or tumor cell expression of GPNMB. The most common treatment-related toxicities were fatigue, rash, nausea, alopecia (hair loss), neutropenia and vomiting.

In May 2010, the FDA granted Fast Track designation to CDX-011 for the treatment of advanced, refractory/resistant GPNMB-expressing breast cancer.

In September 2010, we initiated a randomized Phase 2b controlled study in patients with heavily pre-treated, advanced breast cancer whose tumors are confirmed to express GPNMB via a validated, centralized diagnostic assay. We expect that a significant portion of the enrolled patients will have triple-negative disease, since GPNMB is frequently expressed in this patient population. Patients will be randomized (2:1) to receive either CDX-011 or single-agent "Investigator's Choice" chemotherapy. Activity endpoints will include objective response rate ("ORR"), PFS and OS. We expect to complete enrollment of 120 patients at approximately 20-25 clinical sites in the United States in 2011 with preliminary data expected in 2012.

Treatment of Metastatic Melanoma: In June 2006, a Phase 1/2 open-label, multi-center, dose escalation study was initiated to evaluate the safety, tolerability and pharmacokinetics of CDX-011 for patients with un-resectable Stage III or Stage IV melanoma who have failed no more than one prior line of cytotoxic therapy. A total of 117 patients were enrolled in this trial. The trial initially evaluated doses of CDX-011 between 0.03 mg/kg to 2.63 mg/kg given once every three weeks. CDX-011 was generally well tolerated, with rash and neutropenia emerging at higher doses. The MTD was determined to be 1.88 mg/kg administered intravenously (IV) 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 found to be active in advanced melanoma patients in the study. The most frequent treatment-related adverse events included rash, fatigue, alopecia (hair loss), pruritus, diarrhea and neuropathy.

More frequent dosing schedules of CDX-011 were also evaluated, including a weekly and a two out of every three-week regimen, to explore if more frequent administration can provide additional activity in patients with metastatic melanoma. Doses of 1.0 mg/kg given once every week and 1.5 mg/kg given for two out of three weeks were identified as the MTD in each schedule. The response rate was observed to be 20% and 33%, respectively. This increased activity was accompanied by increased toxicity.

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.

Melanoma is a difficult disease to work with and, at this point in time, our intention is to first focus our resources on advancing CDX-011 in breast cancer. We intend to conduct additional Phase 2 development of CDX-011 in combination with other therapies in investigator sponsored studies to further develop this product candidate in melanoma.

CDX-1307

Our lead APC Targeting Technology product candidate, CDX-1307, is in development for the treatment of epithelial tumors such as colorectal, pancreatic, bladder, ovarian and breast cancers. CDX-1307 targets the beta chain of human chorionic gonadotropin, known as hCG-Beta, which is an antigen often found in epithelial tumors. The presence of hCG-Beta in these cancers correlates with a poor clinical outcome, suggesting that this molecule may contribute to tumor growth. Normal adult

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tissues have minimal expression of hCG-Beta; therefore, targeted immune responses are not expected to generate significant side effects.

The Phase 1 studies are complete. The Phase 1 studies investigated the safety and immunogenicity of CDX-1307 alone and in combination with adjuvants, including GM-CSF (known to increase mannose receptor expression on dendritic cells) and Toll-Like Receptor ("TLR") agonists (poly-ICLC or Hiltonol and R848 or resiquimod). Patients with an assortment of different tumor types that are known to express hCG-Beta were enrolled with retrospective analysis for hCG-Beta expression. A regimen of every two week dosing for four doses was utilized with the possibility of retreatment if patients demonstrate tumor regression or stable disease.

The Phase 1 studies enrolled over 80 patients with heavily pretreated, advanced-stage colorectal, breast, pancreatic, bladder/ureteral, ovarian and testicular cancer. All patient cohorts demonstrated a favorable safety profile with no dose limiting toxicity. The combination of CDX-1307 with TLR agonists significantly enhanced immune responses against hCG-Beta. Immune responses occurred even in the presence of high circulating levels of hCG-Beta, suggesting that the CDX-1307 can overcome antigen tolerance in advanced and heavily pretreated cancers. Nine patients in the studies experienced disease stabilization from 2.3 months to 16 months following the initiation of CDX-1307 vaccination. These data provide the basis for advancing CDX-1307 into a front-line patient population selected for hCG-Beta-expressing cancers.

In May 2010, we initiated a 60 patient randomized (1:1) Phase 2 controlled study to evaluate the CDX-1307 regimen in both neoadjuvant and adjuvant settings in patients with newly diagnosed muscle-invasive bladder cancers that express hCG-Beta.

CDX-1401

CDX-1401, also developed from the 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 APCs for generating robust immune responses against cancer cells expressing NY-ESO-1. Unlike CDX-1307, which targets the mannose receptor expressing dendritic cells, CDX-1401 is the first APC product targeting DEC-205 expressing dendritic cells. 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. We believe that preclinical studies have shown that CDX-1401 is effective for activation of human T-cell responses against NY-ESO-1.

In September 2009, we initiated enrollment in a dose-escalating Phase 1/2 clinical trial aimed at determining the optimal dose for further development based on the safety, tolerability, and immunogenicity of the CDX-1401 vaccine. The trial will evaluate three different doses of the vaccine in combination with TLR agonists poly-ICLC or Hiltonol and/or R848 or resiquimod. We expect to enroll approximately 50 patients with solid tumor cancers at multiple clinical sites in the United States.

In October 2010, we announced interim data for the first 20 patients enrolled in the study, 35% of whom had confirmed NY-ESO-1 expression. The interim data showed that six patients maintained stable disease and were eligible for multiple cycles of the treatment regimen, including 4 patients who have received 3 or more cycles (6 weeks of treatment followed by a 6 week rest), with stable disease of up to 11.5+ months. The treatment was well tolerated and there were no dose-limiting toxicities. Robust anti-NY-ESO-1 immunity was induced with the majority of the patients developing anti-NY-ESO-1 antibody responses and 39% of the patients having increases in NY-ESO-1 specific T

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cell responses, including both CD4 and CD8 responses. Importantly, the T cell responses were directed against multiple regions of the NY-ESO-1 antigen.

Preclinical and Other Development Programs

CDX-301

CDX-301 is a FMS-like tyrosine kinase 3 ligand (Flt3L) that we licensed from Amgen in March 2009. CDX-301 is a growth factor for stem cells and immune cells called dendritic cells. Based on previous experience with this molecule, we believe that CDX-301 has considerable opportunity in various transplant settings as a stem cell mobilizing agent. In addition, CDX-301 is an immune modulating molecule that increases the numbers and activity of specific types of immune cells. We believe CDX-301 has significant opportunity for synergistic development in combination with proprietary molecules in our portfolio. In March 2011, we filed an Investigational New Drug ("IND") application for CDX-301. We are in discussions with collaborators to initiate clinical development with a Phase 1 study in healthy volunteers.

CDX-1127

We have entered into a License Agreement with the University of Southampton, UK, to develop human antibodies to CD27, a potentially important target for immunotherapy of various cancers. In preclinical models, antibodies to CD27 alone have been shown to mediate anti-tumor effects, and may be particularly effective in combination with other immunotherapy. CD27 is a critical molecule in the activation pathway of lymphocytes. It acts downstream from CD40 and may provide a novel way to regulate the immune responses. In September 2010, we exercised an option under our Research and Commercialization Agreement with Medarex, whereby we have a commercial license to the human antibody technology specifically for our CD27 antibody. Preclinical models with our human monoclonal antibody to CD27 have demonstrated immune cell activation and anti-tumor responses. We expect to file an IND application for a dose escalation Phase 1 study during the fourth quarter of 2011 after completing required preclinical toxicology studies.

CDX-014

CDX-014 is a fully-human monoclonal ADC that targets TIM-1, an immunomodulatory protein that appears to down regulate immune response to tumors. The antibody, CDX-014, is linked to a potent chemotherapeutic, monomethyl auristatin E (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.

CDX-1135

CDX-1135 is a molecule that inhibits a part of the 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 inhibits the activation of the complement cascade in animal models and in human clinical trials. We believe that regulating the complement system could have therapeutic and prophylactic applications in several acute and chronic conditions, including organ transplantation, multiple sclerosis, rheumatoid arthritis, age-related macular degeneration ("AMD"), atypical Hemolytic Uremic Syndrome ("aHUS"), Paroxysmal Nocturnal Hemoglobinuria ("PNH"), Dense Deposit Disease ("DDD") in kidneys, and myasthenia gravis. We are currently defining the most appropriate clinical

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development path for CDX-1135 and are focusing on rare disease conditions of unregulated complement activation as the fastest route to FDA approval.

Marketed Products

Rotavirus Vaccine

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. Glaxo gained approval for its rotavirus vaccine, Rotarix®, in Mexico in July 2004, which represented the first in a series of worldwide approvals and commercial launches for the product leading up to the approval in Europe in 2006 and in the U.S. in 2008. We licensed-in our rotavirus strain in 1995 and owe a license fee of 30% to Cincinnati Children's Hospital Medical Center ("CCH") on net royalties received from Glaxo. We are obligated to maintain a license with CCH with respect to the Glaxo agreement. The term of the Glaxo agreement is through the expiration of the last of the relevant patents covered by the agreement, although Glaxo may terminate the agreement upon 90 days prior written notice. The last relevant patent is scheduled to expire in December 2012. No additional milestone payments are due from Glaxo under the agreement.

In May 2005, we entered into an agreement whereby an affiliate of PRF purchased a 70% interest in the milestone payments and net royalties that we will receive on the development and worldwide sales of Rotarix®. We have received a total of \$60 million in milestone payments under the PRF agreement. No additional milestone payments are due from PRF under the agreement. The PRF agreement terminates on December 12, 2012, unless otherwise extended.

Royalty rates on Rotarix® escalate from 7% to 10% based on net product sales in countries that have valid patent protection. These royalty rates are discounted by 30% for "non-patent" countries (primarily international markets). In September 2006, we received notice from Glaxo that Glaxo would begin paying royalties on sales of Rotarix® vaccine at the lower of the two royalty rates under their 1997 license agreement. Glaxo's decision to pay the lower royalty rate (which is 70% of the full rate) is based upon Glaxo's assertion that Rotarix® is not covered by the patents Glaxo licensed from us in Australia and certain European countries. We are currently evaluating the basis for Glaxo's action and our potential remedies. If Glaxo's position stands, the royalties to which PRF is entitled will no longer be limited by a \$27.5 million annual threshold. With respect to the \$27.5 million annual threshold, if worldwide net royalties on sales of Rotarix® exceed \$27.5 million in any year, we would retain approximately 65% of all royalties in excess of \$27.5 million. Irrespective of Glaxo's position, we will still retain approximately 65% of the royalties on worldwide sales of Rotarix® if PRF receives 2.45 times the aggregate cash payments of \$60 million it made to us, though the potential amount of such residual royalties will be lower if Glaxo's position stands.

In late March 2010, the FDA temporarily suspended the use of Rotarix® in the United States as a precautionary measure following the discovery of PCV-1 DNA material in the vaccine. In May 2010, the FDA determined that healthcare practitioners could resume the use of Rotarix®. Our royalties from sales of Rotarix® were negatively impacted during the year ended December 31, 2010 by the FDA's decision to temporarily suspend the use of Rotarix® from March 2010 through May 2010 and that negative impact from the temporary suspension may extend into the future as well. However, our net loss and cash position were not impacted even though our royalty revenue was impacted because there was an offsetting impact on our royalty expense.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are described in Note 2 to the consolidated financial statements included in Item 8 of this Form 10-K. We believe our most critical accounting policies include

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accounting for business combinations, revenue recognition, impairment of long-lived assets, research and development expenses and stock-based compensation expense.

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our consolidated financial statements. We evaluate our estimates and judgments on an on-going basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary from what we anticipate and different assumptions or estimates about the future could materially change our reported results. We believe the following accounting policies are the most critical to us in that they are important to the portrayal of our financial statements and they require our most difficult, subjective or complex judgments in the preparation of our consolidated financial statements:

Business Combinations

We account for business combinations that were completed after January 1, 2009, including the CuraGen Merger, or will be completed in the future, under the acquisition method of accounting. We assign the value of the consideration transferred to acquire a business to the tangible assets and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. We assess the fair value of assets, including intangible assets such as IPR&D, using a variety of methods including present-value models. Each asset is measured at fair value from the perspective of a market participant. The method used to estimate the fair values of IPR&D assets incorporates significant assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's assumptions regarding the probability of completing IPR&D projects, which would require obtaining regulatory approval for marketing of the associated drug candidate; a market participant's estimates regarding the timing of and the expected costs to complete IPR&D projects; a market participant's estimates of future cash flows from potential product sales; and the appropriate discount rates for a market participant. Transaction costs and restructuring costs associated with the transaction are expensed as incurred.

IPR&D assets acquired in a business combination initially are recorded at fair value and accounted for as indefinite-lived intangible assets. These assets are maintained on our consolidated balance sheets until either the project underlying them is completed or the assets become impaired. If a project is completed, the carrying value of the related intangible asset is amortized over the remaining estimated life of the asset beginning in the period in which the project is completed. If a project becomes impaired or is abandoned, the carrying value of the related intangible asset is written down to its fair value and an impairment charge is taken in the period in which the impairment occurs. IPR&D assets will be tested for impairment on an annual basis during the third quarter, or earlier if impairment indicators are present.

Intangible assets acquired in a business combination with a finite life are recorded at fair value and amortized over the greater of economic consumption or on a straight-line basis over their estimated useful life.

The difference between the purchase price and the fair value of assets acquired and liabilities assumed in a business combination is allocated to goodwill. Goodwill is evaluated for impairment on an annual basis during the third quarter, or earlier if impairment indicators are present. The Company performed an annual impairment test of the goodwill asset as of July 1, 2010 and concluded that the goodwill asset was not impaired.

For acquisitions completed prior to January 1, 2009, including the AVANT Merger, we expensed the fair value of IPR&D to research and development expense as of the acquisition date and included transaction costs associated with the business combination as part of the cost of the acquired company.

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Revenue Recognition

We recognize revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller's price to the buyer is fixed or determinable; and collectability is reasonably assured.

In January 2010, we adopted a new U.S. GAAP accounting standard which amends existing revenue recognition accounting guidance to provide accounting principles and application guidance on whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. This new guidance eliminates the requirement to establish objective evidence of fair value of undelivered products and services and instead provides for separate revenue recognition based upon management's estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item.

Prior to the adoption of the new revenue recognition standard, we had entered into various license and development agreements with pharmaceutical and biotechnology companies. The terms of the agreements typically include non-refundable license fees, funding of research and development, payments based upon achievement of certain milestones and royalties on net product sales. Non-refundable license fees were recognized as revenue when we had a contractual right to receive such payments, provided that (i) a contractual arrangement exists, (ii) the contract price is fixed or determinable, (iii) the collection of the resulting receivable is reasonably assured and (iv) we had no further performance obligations under the license agreement. Upfront non-refundable fees associated with license and development agreements where we had continuing performance obligations under the terms of the agreement were recorded as deferred revenue and recognized as revenue over the estimated service period as we completed our obligations. Where our level of effort was relatively constant over the performance period or no other pattern was estimable, the revenue was recognized on a straight-line basis. Revenue was limited to the lesser of the cumulative amount of payments due or the cumulative amount of revenue earned, as determined using the straight-line basis, as of the period ending date. If the estimated service period was subsequently modified, the period over which the upfront fee was recognized was modified accordingly on a prospective basis. The determination of the performance period involved judgment on management's part. Funding of research and development was recognized as revenue over the term of the applicable contract as costs are incurred related to that contract.

Payments received to fund certain research activities are recognized as revenue in the period in which the research activities are performed. Revenue from contracts and grants is recognized as the services are performed and recorded as effort is expended on the contracted work and billed to the government or our contractual partner. Payments received in advance that are related to future performance are deferred and recognized as revenue when the research projects are performed.

Product royalty revenue consists of payments received from licensees for a portion of sales proceeds from products that utilize our licensed technologies and are recognized when the amount of and basis for such royalty payments are reported to us in accurate and appropriate form and in accordance with the related license agreement.

Impairment of Long-Lived Assets

We evaluate the recoverability of our long-lived assets, including property and equipment, and intangible assets when circumstances indicate that an event of impairment may have occurred. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. In the event that such cash flows are not expected to be sufficient to recover the carrying amount of the assets, the assets are written-down to their estimated fair values.

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Research and Development Expenses

Research and development costs, including internal and contract research costs, are expensed as incurred. Research and development expenses consist mainly of clinical trial costs, manufacturing of clinical material, toxicology and other studies, personnel costs, depreciation, license fees and funding of outside research.

Stock-Based Compensation Expense

We record stock-based compensation expense for all stock-based awards made to employees and directors based on the estimated fair values of the stock-based awards expected to vest at the grant date and is adjusted, if necessary, to reflect actual forfeitures. Compensation expense for all stock-based awards to employees and directors is recognized using the straight-line method over the term of vesting or performance.

We record stock-based compensation expense for stock options granted to non-employees based on the fair value of the stock options which is re-measured over the vesting term resulting in periodic adjustments to stock-based compensation expense.

RESULTS OF OPERATIONS

Our financial statements prior to the AVANT Merger reflect the financial position, results of operations and cash flows of Celldex Research. Following the AVANT Merger but prior to the CuraGen Merger, our financial statements reflect the financial position, results of operation and cash flows of the combined AVANT and Celldex Research. Following the CuraGen Merger, our financial statements reflect the financial position, results of operation and cash flows of the combined companies (AVANT, Celldex Research and CuraGen).

Year Ended December 31, 2010 compared with Year Ended December 31, 2009

	Year Ended December 31,		Increase/ (Decrease) \$	Increase/ (Decrease) %
	2010	2009		
	(In thousands)			
Revenue:				
Product Development and Licensing Agreements	\$ 40,187	\$ 5,662	\$ 34,525	610%
Contracts and Grants	220	1,802	(1,582)	(88)%
Product Royalties	6,386	7,716	(1,330)	(17)%
Total Revenue	\$ 46,793	\$ 15,180	\$ 31,613	208%
Operating Expense:				
Research and Development	27,650	26,169	1,481	6%
Royalty	12,077	8,397	3,680	44%
Gain on Sale of Assets	(50)	(604)	554	92%
General and Administrative	10,428	17,119	(6,691)	(39)%
Amortization of Acquired Intangible Assets	3,143	949	2,194	231%
Total Operating Expense	53,248	52,030	1,218	2%
Operating Loss	(6,455)	(36,850)	(30,395)	(82)%
Investment and Other Income, Net	5,259	248	5,011	2,021%
Interest Expense	(1,337)	(452)	885	196%
Net Loss Before Income Taxes	(2,533)	(37,054)	(34,521)	(93)%
Income Tax Benefit	—	529	(529)	(100)%
Net Loss	\$ (2,533)	\$ (36,525)	\$ (33,992)	(93)%

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Net Loss

The \$34.0 million decrease in net loss for the year ended December 31, 2010 compared to the year ended December 31, 2009 was primarily the result of an increase in product development and licensing agreement revenue and other income and a decrease in general and administrative expense. This impact was partially offset by a decrease in contracts and grants and product royalty revenue and increased research and development, royalty and amortization expense on acquired intangible assets.

Revenue

The \$34.5 million increase in product development and licensing agreement revenue for the year ended December 31, 2010 was primarily due to the Pfizer Termination which resulted in us recognizing the remaining deferred revenue of \$35.6 million related to the Pfizer Agreement. The \$1.6 million decrease in contracts and grants revenue for the year ended December 31, 2010 was due to a decrease in revenue related to our vaccine development work on Rockefeller's DCVax-001 (CDX-2401) program. The \$1.3 million decrease in product royalty revenue for the year ended December 31, 2010 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. In late March 2010, the FDA temporarily suspended the use of Rotarix® in the United States as a precautionary measure following the discovery of PCV-1 DNA material in the vaccine. In May 2010, the FDA determined that healthcare practitioners could resume the use of Rotarix®. Our royalties from sales of Rotarix® were negatively impacted during the year ended December 31, 2010 by the FDA's decision to temporarily suspend the use of Rotarix® from March 2010 through May 2010 and that negative impact from the temporary suspension may extend into the future as well. However, our net loss and cash position were not impacted even though our royalty revenue was impacted because there was an offsetting impact on our royalty expense.

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:

	<u>Year Ended December 31,</u>		<u>Increase/</u>	<u>Increase/</u>
	<u>2010</u>	<u>2009</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
			<u>\$</u>	<u>%</u>
	(In thousands)			
Personnel	\$ 12,204	\$ 11,108	\$ 1,096	10%
Laboratory Supplies	1,779	2,517	(738)	(29)%
Facility	4,962	4,782	180	4%
Product Development	5,832	5,758	74	1%

Personnel expenses primarily include salary, benefits, stock-based compensation and payroll taxes. The \$1.1 million increase in personnel expenses for the year ended December 31, 2010 was due to higher headcount, partially offset by \$0.9 million in severance expense during the year ended December 31, 2009 related to the CuraGen Merger. We expect personnel expenses to increase over the next twelve months as we plan to continue to increase our headcount, primarily in clinical research personnel.

Laboratory supply expenses include laboratory materials and supplies, services, and other related expenses incurred in the development of our technology. The \$0.7 million decrease in laboratory supply expenses was primarily due to the renovations completed during the year ended December 31, 2010 at our Fall River, MA manufacturing facility during which manufacturing activities ceased. We expect

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supply expenses to increase over the next twelve months as a result of increased research and development activities, 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. The \$0.2 million increase in facility expenses for the year ended December 31, 2010 was primarily due to higher depreciation and amortization expenses. 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 \$0.1 million increase in product development expenses for the year ended December 31, 2010 was primarily due to an increase in product development costs related to our CDX-011 program. We expect product development expenses to increase over the next twelve months primarily due to the increase in clinical trial 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. The \$3.7 million increase in royalty expenses for the year ended December 31, 2010 was primarily due to the Pfizer Termination which resulted in us recognizing the remaining deferred sublicense fees related to the Pfizer Agreement of \$5.1 million, partially offset by a decrease in Rotarix® related royalty fees. 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 to decrease over the next twelve months due to the lack of royalty expense related to the Pfizer Agreement, although there may be fluctuations on a quarterly basis.

General and Administrative Expense

The \$6.7 million decrease in general and administrative expenses for the year ended December 31, 2010 was primarily due to \$3.3 million in severance expense incurred during the year ended December 31, 2009 related to the CuraGen Merger and a decrease of \$2.1 million in consultant and legal expense primarily related to costs incurred in connection with the CuraGen Merger in 2009. The decrease was also a result of \$0.7 million in severance expense, including related non-cash stock-based compensation expense, incurred during the year ended December 31, 2009 related to our former SVP, Business Development. We expect general and administrative expense to remain relatively consistent over the next twelve months, although there may be fluctuations on a quarterly basis.

Amortization Expense

The \$2.2 million increase in amortization expenses for the year ended December 31, 2010 was primarily due to intangible assets acquired in connection with the CuraGen Merger including the TopoTarget Agreement. In February 2010, TopoTarget entered into a co-development and commercialization agreement for Belinostat with Spectrum Pharmaceuticals, Inc. which resulted in our receipt of \$3.0 million which we recorded as Other Income for the year ended December 31, 2010. We recorded amortization expense related to the TopoTarget Agreement of \$1.7 million for the year ended December 31, 2010. We expect amortization expense of acquired intangible assets to decrease over the next twelve months as a result of the TopoTarget Agreement intangible asset becoming fully amortized during 2011.

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Investment and Other Income, Net

The \$5.0 million increase in investment and other income, net for the year ended December 31, 2010 was primarily due to \$3.0 million received in connection with the TopoTarget Agreement and \$1.7 million in other income related to the receipt of IRS Qualifying Therapeutic Discovery Grants. We anticipate investment income to decrease over the next twelve months due to lower cash and investment balances caused by the utilization of cash and investment balances in the normal course of funding our operations.

Interest Expense

The \$0.9 million increase in interest expense for the year ended December 31, 2010 was primarily due to the CuraGen Debt we assumed in connection with the CuraGen Merger. On December 30, 2010, we entered into a Loan and Security Agreement (the "Loan Agreement") with MidCap Financial, LLC ("MidCap") pursuant to which we borrowed \$10 million (the "Term Loan") from MidCap. In March 2011, we amended the Loan Agreement and borrowed an additional \$5 million from General Electric Capital Corporation ("GECC") (collectively with MidCap, the "Lenders") to increase the amount owed under the Term Loan to \$15 million. 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%. We anticipate interest expense to increase over the next twelve months due to the Term Loan.

Income Tax Benefit

The \$0.5 million decrease in income tax benefit for the year ended December 31, 2010 was due to non-cash tax consequences as a result of the CuraGen Merger.

Year Ended December 31, 2009 compared with Year Ended December 31, 2008

	Year Ended December 31,		Increase/ (Decrease)	Increase/ (Decrease)
	2009	2008	\$	%
	(In thousands)			
Revenue:				
Product Development and Licensing Agreements	\$ 5,662	\$ 3,716	\$ 1,946	52%
Contracts and Grants	1,802	533	1,269	238%
Product Royalties	7,716	3,207	4,509	141%
Total Revenue	\$ 15,180	\$ 7,456	\$ 7,724	104%
Operating Expense:				
Research and Development	26,169	22,636	3,533	16%
Royalty	8,397	3,711	4,686	126%
Gain on Sale of Assets	(604)	—	(604)	n/a
Charge for In-Process Research and Development	—	14,756	(14,756)	(100)%
General and Administrative	17,119	14,748	2,371	16%
Amortization of Acquired Intangible Assets	949	361	588	163%
Total Operating Expense	52,030	56,212	(4,182)	(7)%
Operating Loss	(36,850)	(48,756)	(11,906)	(24)%
Investment and Other Income, Net	248	1,411	(1,163)	(82)%
Interest Expense	(452)	(156)	296	190%
Net Loss Before Income Taxes	(37,054)	(47,501)	(10,447)	(22)%
Income Tax Benefit	529	—	529	n/a
Net Loss	\$ (36,525)	\$ (47,501)	\$ (10,976)	(23)%

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Net Loss

The \$11.0 million decrease in net loss for the year ended December 31, 2009 compared to the year ended December 31, 2008 was primarily the result of a decrease in charges for acquired in-process research and development combined with increased revenues, partially offset by increased research and development, royalty and general and administrative expenses.

Revenue

The \$1.9 million increase in product development and licensing agreement revenue for the year ended December 31, 2009 was primarily due to an increase of \$2.3 million in Pfizer related revenue. The \$1.3 million increase in contract and grant revenue for the year ended December 31, 2009 was primarily due to an increase of \$1.4 million in revenue related to our vaccine development work on Rockefeller's CDX-2401 program. The \$4.5 million increase in product royalty revenue for the year ended December 31, 2009 was primarily 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.

Research and Development Expense

	Year Ended December 31,		Increase/ (Decrease) \$	Increase/ (Decrease) %
	2009	2008		
	(In thousands)			
Personnel	\$ 11,108	\$ 8,785	\$ 2,323	26%
Laboratory Supplies	2,517	2,179	338	16%
Facility	4,782	4,180	602	14%
Product Development	5,758	5,192	566	11%

The \$2.3 million increase in personnel expenses for the year ended December 31, 2009 was primarily due to higher headcount and \$0.9 million in severance expense related to the CuraGen Merger. The \$0.3 million increase in laboratory supply expenses for the year ended December 31, 2009 was primarily due to increased research, preclinical and manufacturing activities. The \$0.6 million increase in facility expenses for the year ended December 31, 2009 was primarily due to higher depreciation and amortization expenses. The \$0.6 million increase in product development expenses for the year ended December 31, 2009 was primarily due to an increase in preclinical work related to the CDX-1401 and CDX-2401 programs. The decrease in clinical expenses for CDX-110 for the year ended December 31, 2009 due to the transfer of clinical management of our CDX-110 program to Pfizer was primarily offset by the increase in clinical expenses related to our CDX-011 program acquired from CuraGen.

Royalty Expense

Royalty expenses include product royalty and sublicense royalty fees on our out-licensed programs. The \$4.7 million increase in royalty expenses for the year ended December 31, 2009 was primarily due to an increase in Rotarix® related royalty fees. 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.

General and Administrative Expense

The \$2.4 million increase in general and administrative expenses for the year ended December 31, 2009 was primarily due to (i) \$3.3 million in severance expense related to the CuraGen Merger, (ii) an increase in consultant and legal expense of \$0.6 million during the year ended December 31, 2009

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primarily related to the CuraGen Merger and (iii) \$0.7 million in severance expense, including related non-cash stock-based compensation expense, incurred during the year ended December 31, 2009 related to our former SVP, Business Development. The effect of these increases was partially offset by \$1.4 million in severance expense and \$1.3 million in stock-based compensation expense incurred during the year ended December 31, 2008 related to our former President and Chief Executive Officer.

Amortization Expense

The \$0.6 million increase in amortization expenses for the year ended December 31, 2009 was primarily due to intangible assets acquired in connection with the CuraGen Merger.

Investment and Other Income, Net

The \$1.2 million decrease in investment and other income, net for the year ended December 31, 2009 was primarily due to other income of \$0.9 million recorded for the year ended December 31, 2008 related to the \$10 million milestone payment we received from PRF in connection with the U.S. launch of Rotarix®.

Interest Expense

The \$0.3 million increase in interest expense for the year ended December 31, 2009 was primarily due to the CuraGen Debt we assumed in connection with the CuraGen Merger.

Income Tax Benefit

The \$0.5 million increase in income tax benefit for the year ended December 31, 2009 was due to non-cash tax consequences as a result of the CuraGen Merger.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2010, our principal sources of liquidity consisted of cash, cash equivalents and marketable securities of \$61.1 million. Our working capital at December 31, 2010 was \$42.7 million. At December 31, 2010, we had 4% convertible subordinated debt of \$12.5 million which matured and was paid to the debt holders in February 2011. At December 31, 2010, our Term Loan balance was \$10.0 million. In March 2011, we amended the Loan Agreement and borrowed an additional \$5 million from GECC to increase the amount owed under the Term Loan to \$15 million. All amounts borrowed under the Term Loan mature in December 2013. We incurred a loss of \$2.5 million for the year ended December 31, 2010. Net cash used in operations for the year ended December 31, 2010 was \$30.4 million. We believe that the cash, cash equivalents and marketable securities at December 31, 2010 in addition to the cash inflows from interest income on invested funds and our ability to control certain costs, including those related to clinical trials, manufacturing and preclinical activities, will be sufficient to meet estimated working capital requirements and fund planned operations for at least the next twelve months.

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.

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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, 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.

During the next twelve, we will take further steps to raise additional capital to meet our long-term liquidity needs including, but not limited to, 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 may 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. 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, license out programs earlier than expected, raise funds at significant discount or on other unfavorable terms, or sell all or part of us.

Operating Activities

Net cash used in operating activities was \$30.4 million for the year ended December 31, 2010 compared to \$29.9 million for the year ended December 31, 2009. The increase in net cash used in operating activities was primarily due to a decrease of \$1.9 million in other long-term liabilities for the year ended December 31, 2010 as compared to an increase of \$2.7 million for the year ended December 31, 2009, partially offset by a decrease of \$1.2 million in accounts payable and accrued expenses for the year ended December 31, 2010 as compared to a decrease of \$2.5 million for the year ended December 31, 2009. We expect that cash used in operating activities will increase over the next twelve months primarily related to costs incurred on our rindopepimut program.

We have incurred and will continue to incur significant costs in the area of research and development, including preclinical 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 product candidates. As our product 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 \$16.2 million for the year ended December 31, 2010 compared to net cash provided by investing activities of \$45.1 million for the year ended December 31, 2009. The increase in net cash used in investing activities was primarily due to net purchases of marketable securities for the year ended December 31, 2010 of \$14.1 million as compared to \$6.9 million for the year ended December 31, 2009 and the \$51.7 million in cash acquired in 2009 as a result of the CuraGen Merger. We expect that cash provided by investing activities will increase over the next twelve months as we fund our operations through the net proceeds from the sale and maturity of marketable securities, cash provided by financing activities and/or new partnerships, although there may be significant fluctuations on a quarterly basis.

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Financing Activities

Net cash provided by financing activities was \$10.8 million for the year ended December 31, 2010 compared to net cash used in financing activities of \$2.5 million for the year ended December 31, 2009. The increase in net cash provided by financing activities was primarily due to the \$10.0 million Term Loan entered into with MidCap in December 2010.

Equity Offering

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 filing up to a dollar amount of \$150 million. The shelf registration went effective on April 22, 2010. No securities have been sold by us from this shelf registration.

On January 6, 2011, we entered into a controlled equity offering sales agreement (the "Cantor Agreement") with Cantor Fitzgerald & Co. ("Cantor") pursuant to which we may issue and sell up to 5,000,000 shares of our common stock from time to time through Cantor, acting as agent. We agreed to pay Cantor a commission up to 5% of the gross proceeds from each sale and to reimburse Cantor for certain expenses incurred in connection with entering into the Cantor Agreement. As of March 2, 2011, we had not sold any shares of common stock under the Cantor Agreement.

CuraGen Debt

In connection with the CuraGen Merger, we assumed CuraGen's obligations under the \$12.5 million in 4% convertible subordinated debt due February 15, 2011 (the "CuraGen Debt"). In February 2011, we paid \$12.8 million to satisfy all outstanding principal and accrued interest related to the CuraGen Debt.

Term Loan

On December 30, 2010, we entered into a Loan and Security Agreement (the "Loan Agreement") with MidCap Financial, LLC ("MidCap") pursuant to which we borrowed \$10 million (the "Term Loan") from MidCap. In March 2011, we amended the Loan Agreement and borrowed an additional \$5 million from GECC to increase the amount owed under the Term Loan to \$15 million. No additional advances are available under the Loan Agreement. 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%. We must make monthly interest payments commencing on February 1, 2011 and must repay the principal amount of the Term Loan in 27 equal consecutive monthly installments commencing on October 1, 2011. Notwithstanding the foregoing, all unpaid principal and accrued interest with respect to the Term Loan is due and payable on the earlier of (A) December 30, 2013 or (B) the date that the Term Loan otherwise becomes due and payable under the terms of the Loan Agreement.

Upon repayment of the Term Loan in full, we are also obligated to make a final payment fee of \$0.5 million ("Final Payment"). We may prepay all, but not less than all, of the Term Loan subject to a prepayment premium of 1% in year three, 2% in year two, and 4% in year one of the original principal amount of the Term Loan.

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

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shall be immediately due and payable. At December 31, 2010, we believe we are in compliance with the Loan Agreement.

AGGREGATE CONTRACTUAL OBLIGATIONS

We have entered into license agreements whereby we have received licenses or options to license technology, specified patents and/or patent applications. These license and collaboration agreements generally provide for royalty payments equal to specified percentages of product sales, annual license maintenance fees, continuing patent prosecution costs and potential future milestone payments to third parties upon the achievement of certain development, regulatory and/or commercial milestones. Because the achievement of these milestones had not occurred as of December 31, 2010, such contingencies have not been recorded in our financial statements. We expect to incur approximately \$1.9 million of milestone payments in 2011.

The following table summarizes our contractual obligations (not including contingent royalty and milestone payments as described above) at December 31, 2010 and the effect such obligations and commercial commitments are expected to have on our liquidity and cash flow in future years. These obligations, commitments and supporting arrangements represent expected payments based on current operating forecasts, which are subject to change:

	<u>Total</u>	<u>2011</u>	<u>2012 - 2013</u>	<u>2014 - 2015</u>	<u>Thereafter</u>
	(In thousands)				
Contractual obligations:					
Operating lease obligations(1)	\$ 17,671	\$ 2,470	\$ 5,428	\$ 5,639	\$ 4,134
Other contractual obligations(2)	6,905	6,905	—	—	—
Other long-term liabilities(3)	613	81	113	123	296
Term Loan(4)	10,300	1,111	9,189	—	—
Convertible subordinated debt(5)	12,503	12,503	—	—	—
CuraGen severance obligations	685	685	—	—	—
Total contractual obligations	<u>\$ 48,677</u>	<u>\$ 23,755</u>	<u>\$ 14,730</u>	<u>\$ 5,762</u>	<u>\$ 4,430</u>

- (1) Such amounts primarily consist of payments for our facility leases and do not assume the exercise of renewal terms.
- (2) Such amounts primarily consist of research and development commitments with third parties. Our obligation to pay certain of these amounts may increase or be reduced based on certain future events.
- (3) Such amounts include the outstanding balance on a loan and note payable which accrue interest at 5.5% and is payable monthly.
- (4) Such amounts include the outstanding balance at December 31, 2010 on the Term Loan along with the Final Payment. In March 2011, we amended the Loan Agreement and borrowed an additional \$5 million from GECC to increase the amount owed under the Term Loan to \$15 million. All amounts borrowed under the Term Loan mature in December 2013.
- (5) Such amounts include the outstanding balance on convertible subordinated debt which accrued interest at 4% and matured on February 15, 2011. In February 2011, we paid \$12.8 million to satisfy all outstanding principal and accrued interest related to the convertible subordinated debt.

RECENT ACCOUNTING PRONOUNCEMENTS

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

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OFF-BALANCE SHEET ARRANGEMENTS

None.

**Item 7A. 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 December 31, 2010 due to the short-term maturities of these instruments.

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**Item 8. FINANCIAL
STATEMENTS AND SUPPLEMENTARY DATA**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING
FIRM**

To the Board of Directors and Stockholders of Celldex Therapeutics, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity (deficit) and comprehensive loss, and of cash flows, present fairly, in all material respects, the financial position of Celldex Therapeutics, Inc. and its subsidiaries at December 31, 2010 and December 31, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for business combinations in 2009.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts March 9, 2011

CELLEX THERAPEUTICS, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 21,287	\$ 57,002
Marketable Securities	39,811	25,451
Accounts and Other Receivables	324	544
Prepaid and Other Current Assets	1,525	979
Total Current Assets	<u>62,947</u>	<u>83,976</u>
Property and Equipment, Net	10,832	11,489
Intangible Assets, Net	26,836	29,979
Goodwill	8,965	8,965
Other Assets	363	5,955
Total Assets	<u>\$ 109,943</u>	<u>\$ 140,364</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 931	\$ 1,445
Accrued Expenses	4,936	5,615
Current Portion of Deferred Revenue	—	5,191
Current Portion of Long-Term Liabilities	818	2,156
Current Portion of Term Loan	1,111	—
Convertible Subordinated Debt	12,412	—
Total Current Liabilities	<u>20,208</u>	<u>14,407</u>
Deferred Revenue	—	34,191
Convertible Subordinated Debt	—	11,684
Term Loan, less Current Portion	8,889	—
Other Long-Term Liabilities	5,591	6,315
Total Liabilities	<u>34,688</u>	<u>66,597</u>
Commitments and Contingent Liabilities (Notes 14 and 16)		
Stockholders' Equity:		
Convertible Preferred Stock, \$.01 Par Value; 3,000,000 Shares Authorized; No Shares Issued and Outstanding at December 31, 2010 and 2009	—	—
Common Stock, \$.001 Par Value; 297,000,000 Shares Authorized; 32,055,382 and 31,685,061 Shares Issued and Outstanding at December 31, 2010 and 2009, respectively	32	32
Additional Paid-In Capital	232,679	228,863
Accumulated Other Comprehensive Income	2,751	2,546
Accumulated Deficit	(160,207)	(157,674)
Total Stockholders' Equity	<u>75,255</u>	<u>73,767</u>
Total Liabilities and Stockholders' Equity	<u>\$ 109,943</u>	<u>\$ 140,364</u>

The accompanying notes are an integral part of the consolidated financial statements.

CELLDEX THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
REVENUE:			
Product Development and Licensing Agreements	\$ 40,187	\$ 5,662	\$ 3,716
Contracts and Grants	220	1,802	533
Product Royalties	6,386	7,716	3,207
Total Revenue	46,793	15,180	7,456
OPERATING EXPENSE:			
Research and Development	27,650	26,169	22,636
Royalty	12,077	8,397	3,711
Gain on Sale of Assets	(50)	(604)	—
Charge for In-Process Research and Development	—	—	14,756
General and Administrative	10,428	17,119	14,748
Amortization of Acquired Intangible Assets	3,143	949	361
Total Operating Expense	53,248	52,030	56,212
Operating Loss	(6,455)	(36,850)	(48,756)
Investment and Other Income, Net	5,259	248	1,411
Interest Expense	(1,337)	(452)	(156)
Net Loss Before Income Taxes	(2,533)	(37,054)	(47,501)
Income Tax Benefit	—	529	—
Net Loss	\$ (2,533)	\$ (36,525)	\$ (47,501)
Basic and Diluted Net Loss Per Common Share (See Note 2)	\$ (0.08)	\$ (1.84)	\$ (3.34)
Shares Used in Calculating Basic and Diluted Net Loss per Share (See Note 2)	31,868	19,823	14,217

The accompanying notes are an integral part of the consolidated financial statements.

CELLEX THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE LOSS

(In thousands, except share amounts)

	Common Stock Shares	Common Stock Par Value	Class A Common Stock Shares	Class A Common Stock Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance at December 31, 2007	5,498,273	\$ 5	2,811,147	\$ 3	\$ 69,889	\$ 2,619	\$ (73,648)	\$ (1,132)
Exchange of Class A for Common Stock	2,811,147	3	(2,811,147)	(3)	—	—	—	—
Shares Issued to Medarex in Settlement of a Payable	351,692	1	—	—	3,038	—	—	3,039
Shares Received in Connection with the AVANT Merger	6,265,882	6	—	—	46,869	—	—	46,875
Shares Issued to Pfizer in connection with the CDX-110 Licensing Agreement	781,250	1	—	—	10,866	—	—	10,867
Shares Issued to Duke University in Settlement of a Payable	81,512	—	—	—	1,183	—	—	1,183
Share-Based Compensation	—	—	—	—	4,816	—	—	4,816
Comprehensive Loss:								
Net Loss	—	—	—	—	—	—	(47,501)	(47,501)
Translation Adjustments	—	—	—	—	—	(13)	—	(13)
Total Comprehensive Loss								(47,514)
Balance at December 31, 2008	15,789,756	16	—	—	136,661	2,606	(121,149)	18,134
Shares Issued in Connection with the CuraGen Merger	15,722,713	16	—	—	88,227	—	—	88,243
Shares Issued under Stock Option and Employee Stock Purchase Plans	172,592	—	—	—	917	—	—	917
Share-Based Compensation	—	—	—	—	3,058	—	—	3,058
Comprehensive Loss:								
Net Loss	—	—	—	—	—	—	(36,525)	(36,525)
Translation Adjustments	—	—	—	—	—	(12)	—	(12)
Unrealized Losses on Marketable Securities	—	—	—	—	—	(48)	—	(48)
Total Comprehensive Loss								(36,585)
Balance at December 31, 2009	31,685,061	32	—	—	228,863	2,546	(157,674)	73,767
Shares Issued under Stock Option and Employee Stock Purchase Plans	370,321	—	—	—	1,014	—	—	1,014
Share-Based Compensation	—	—	—	—	2,802	—	—	2,802
Comprehensive Loss:								
Net Loss	—	—	—	—	—	—	(2,533)	(2,533)
Translation Adjustments	—	—	—	—	—	2	—	2
Unrealized Gains on Marketable Securities	—	—	—	—	—	203	—	203
Total Comprehensive Loss								(2,328)
Balance at December 31, 2010	32,055,382	\$ 32	—	\$ —	\$ 232,679	\$ 2,751	\$ (160,207)	\$ 75,255

The accompanying notes are an integral part of the consolidated financial statements.

CELLDEX THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Cash Flows From Operating Activities:			
Net Loss	\$ (2,533)	\$ (36,525)	\$ (47,501)
Adjustments to Reconcile Net Loss to Cash (Used in) Provided by Operating Activities:			
Depreciation and Amortization	2,718	2,583	2,176
Amortization of Intangible Assets	3,143	949	361
Amortization of Accretion of Marketable Securities	(14)	—	—
Realized (Gain) Loss on Sales and Maturities of Marketable Securities	(4)	24	—
(Gain) Loss on Sale or Disposal of Assets	(38)	(556)	331
Stock-Based Compensation Expense	2,802	3,058	4,816
Non-Cash Interest Expense	728	181	—
Non-Cash Tax Benefit	—	(529)	—
In-Process Research and Development	—	—	14,756
Changes in Operating Assets and Liabilities, Net of Acquisitions			
Accounts and Other Receivables	220	1,283	(1,656)
Prepaid and Other Current Assets	(546)	743	9,980
Other Assets	5,592	722	(6,414)
Accounts Payable and Accrued Expenses	(1,193)	(2,463)	1,221
Deferred Revenue	(39,382)	(2,038)	40,116
Other Long-Term Liabilities	(1,865)	2,699	94
Net Cash (Used in) Provided by Operating Activities	<u>(30,372)</u>	<u>(29,869)</u>	<u>18,280</u>
Cash Flows From Investing Activities:			
Cash Acquired in AVANT Merger, Net of Transaction Costs	—	—	10,750
Cash Acquired in CuraGen Merger	—	51,654	—
Sales and Maturities of Marketable Securities	42,383	2,674	—
Purchases of Marketable Securities	(56,522)	(9,559)	—
Restricted Cash Deposits	—	—	(2)
Acquisition of Property and Equipment	(2,100)	(528)	(1,305)
Proceeds from Sale or Disposal of Assets	77	850	712
Net Cash (Used in) Provided by Investing Activities	<u>(16,162)</u>	<u>45,091</u>	<u>10,155</u>
Cash Flows From Financing Activities:			
Net Proceeds from Stock Issuances	1,014	668	10,867
Related Party Loan Due to Medarex	—	(2,957)	160
Issuance of Term Loan	10,000	—	—
Payment of Other Long-Term Liabilities	(197)	(176)	(102)
Net Cash Provided by (Used in) Financing Activities	<u>10,817</u>	<u>(2,465)</u>	<u>10,925</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	2	(12)	(13)
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(35,715)</u>	<u>12,745</u>	<u>39,347</u>
Cash and Cash Equivalents at Beginning of Period	57,002	44,257	4,910
Cash and Cash Equivalents at End of Period	<u>\$ 21,287</u>	<u>\$ 57,002</u>	<u>\$ 44,257</u>
<i>Supplemental Disclosure of Non-Cash Flow Information</i>			
Shares Received in Exchange in the Merger	\$ —	\$ —	\$ 46,252
Shares Issued to Medarex in Settlement of a Payable	\$ —	\$ —	\$ 3,039
Shares Issued to Duke University in Settlement of a Payable	\$ —	\$ —	\$ 1,183
Shares Issued to Executive Officers	\$ —	\$ 250	\$ —
<i>Supplemental Disclosure of Cash Flow Information</i>			
Cash Paid for Interest	\$ 604	\$ 157	\$ 142

The accompanying notes are an integral part of the consolidated financial statements.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) NATURE OF BUSINESS AND OVERVIEW

Celldex Therapeutics, Inc. (the "Company" or "Celldex") is a biopharmaceutical company currently focusing on the development of several immunotherapy technologies. The Company's lead programs include rindopepimut (CDX-110), a vaccine that is expected to enter into Phase 3 development for glioblastoma multiforme in the second half of 2011, and CDX-011, an antibody-drug conjugate currently in a randomized Phase 2b trial for treatment of advanced breast cancer. The Company has additional programs at various stages of clinical and preclinical development, including CDX-1127 a therapeutic human antibody candidate for cancer indications, APC Targeting Technology programs, CDX-1307 and CDX-1401, and an immune cell mobilizing agent CDX-301. The Company is currently resourcing its priority programs and supplements the development of additional programs through external collaborations and funding. The Company's collaboration with GlaxoSmithKline ("Glaxo") resulted in the commercialization of Rotarix®, an oral human rotavirus vaccine.

At December 31, 2010, the Company had cash, cash equivalents and marketable securities of \$61.1 million; working capital of \$42.7 million; 4% convertible subordinated debt ("CuraGen Debt") of \$12.5 million which matured and was paid to the debt holders in February 2011; and a Term Loan balance of \$10.0 million. In March 2011, the Company borrowed an additional \$5 million to increase the amount owed under the Term Loan to \$15 million. All amounts borrowed under the Term Loan mature in December 2013. The Company incurred a loss of \$2.5 million for the year ended December 31, 2010. Net cash used in operations for the year ended December 31, 2010 was \$30.4 million. The Company believes that the cash, cash equivalents and marketable securities at December 31, 2010 in addition to the cash inflows from interest income on invested funds and the Company's ability to control certain costs, including those related to clinical trials, manufacturing and preclinical activities, will be sufficient to meet estimated working capital requirements and fund planned operations for at least the next twelve months. The working capital requirements of the Company are dependent on several factors including, but not limited to, the costs associated with research and development programs, preclinical and clinical studies, manufacture of clinical materials, and the scope of collaborative arrangements.

During the next twelve months, the Company will take steps to raise additional capital to meet its long-term liquidity needs including, but not limited to, 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 our 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 that reduce the Company's economic potential from products under development. If the Company is unable to raise the funds necessary to meet its long-term liquidity needs, it may have to delay or discontinue the development of one or more programs, license out programs earlier than expected, raise funds at significant discount or on other unfavorable terms, or sell all or a part of the Company.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements reflect the operations of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Company operates in one segment, which is the business of development, manufacturing and commercialization of novel therapeutics for human health care.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity date of 90 days or less at the date of purchase to be cash equivalents. Cash equivalents consist principally of money market funds and debt securities.

Marketable Securities

The Company invests its excess cash balances in marketable securities including municipal bond securities, U.S. government agency securities, and high-grade corporate bonds. The Company classifies all of its marketable securities as current assets on the consolidated balance sheets because they are available-for-sale and available to fund current operations. Marketable securities are stated at fair value with their unrealized gains and losses included as a component of accumulated other comprehensive income (loss), which is a separate component of stockholders' equity, until such gains and losses are realized. The fair value of these securities is based on quoted prices for identical or similar assets. If a decline in the fair value is considered other-than-temporary, based on available evidence, the unrealized loss is transferred from other comprehensive income (loss) to the consolidated statements of operations. Realized gains and losses are determined on the specific identification method and are included in investment and other income, net.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk primarily consist of cash, cash equivalents, marketable securities and accounts receivable. The Company invests its cash, cash equivalents and marketable securities in debt instruments and interest bearing accounts at major financial institutions in excess of insured limits. The Company mitigates credit risk by limiting the investment type and maturity to securities that preserve capital, maintain liquidity and have a high credit quality. The Company has not historically experienced credit losses from its accounts receivable and therefore has not established an allowance for doubtful accounts.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Glaxo and Pfizer represented 14% and 85% for the year ended December 31, 2010, 52% and 34% for the year ended December 31, 2009 and 50% and 38% for the year ended December 31, 2008, of total Company revenue, respectively.

Fair Value Measurements

The Company enters into various types of financial instruments in the normal course of business. The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair values due to the short-term nature of these items.

The fair value of the Company's assets and liabilities reflects the Company's estimate of the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from sources independent from the Company) and to minimize the use of unobservable inputs (the Company's assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability.

In January 2010, the Company adopted a new U.S. GAAP accounting standard which requires additional disclosure about the amounts of and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements. This standard also clarifies existing disclosure requirements related to the level of disaggregation of fair value measurements for each class of assets and liabilities and disclosures about inputs and valuation techniques used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 measurements. In addition, effective for interim and annual periods beginning January 1, 2011, this standard will require additional disclosure and require an entity to present disaggregated information about activity in Level 3 fair value measurements on a gross basis, rather than as one net amount. As this newly issued accounting standard only requires enhanced disclosure, the adoption of this standard did not impact the Company's financial position or results of operations.

Property and Equipment

The treatment of costs to construct property and equipment depends on the nature of the costs and the stage of construction. Costs incurred in the project planning, design, construction and installation phases are capitalized as part of the cost of the asset. The Company stops capitalizing these costs when the asset is substantially complete and ready for its intended use. For manufacturing

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

property and equipment, the Company also capitalizes the cost of validating these assets for the underlying manufacturing process. The Company completes the capitalization of validation costs when the asset is substantially complete and ready for its intended use. Costs capitalized include incremental labor and fringe benefits, and direct consultancy services. The Company capitalizes interest cost as part of the historical cost of acquiring certain assets during the period of time required to get the asset ready for its intended use.

Property and equipment is stated at cost and depreciated over the estimated useful lives of the related assets using the straight-line method. Laboratory equipment and office furniture and equipment are depreciated over five years and computer equipment is depreciated over three years. Manufacturing equipment is amortized over seven to ten years. Leasehold improvements are amortized over the shorter of the estimated useful life or the non-cancelable term of the related lease, including any renewals that are reasonably assured of occurring. Property and equipment under construction is classified as construction in progress and is depreciated or amortized only after the asset is placed in service. Expenditures for maintenance and repairs are charged to expense whereas the costs of significant improvements which extend the life of the underlying asset are capitalized. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are eliminated and any resulting gain or loss is reflected in the Company's consolidated statements of operations.

Business Combinations

For business combinations that are completed after January 1, 2009, including the CuraGen Merger, the Company assigns the value of the consideration transferred to acquire a business to the tangible assets and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. The Company assesses the fair value of assets, including intangible assets such as in-process research and development ("IPR&D"), using a variety of methods including present-value models. Each asset is measured at fair value from the perspective of a market participant. The method used to estimate the fair values of IPR&D assets incorporates significant assumptions regarding the estimates a market participant would make in order to evaluate an asset, including a market participant's assumptions regarding the probability of completing IPR&D projects, which would require obtaining regulatory approval for marketing of the associated drug candidate; a market participant's estimates regarding the timing of and the expected costs to complete IPR&D projects; a market participant's estimates of future cash flows from potential product sales; and the appropriate discount rates for a market participant. Transaction costs and restructuring costs associated with the transaction are expensed as incurred.

For acquisitions completed prior to January 1, 2009, including the AVANT Merger, the Company expensed the fair value of IPR&D to research and development expense as of the acquisition date and included transaction costs associated with the business combination as part of the cost of the acquired company. See Note 3 for discussion of the AVANT Merger and CuraGen Merger.

Intangible Assets

IPR&D assets acquired in a business combination initially are recorded at fair value and accounted for as indefinite-lived intangible assets. These assets are maintained on the Company's consolidated balance sheets until either the project underlying them is completed or the assets become impaired. If a project is completed, the carrying value of the related intangible asset is amortized over the remaining

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

estimated life of the asset beginning in the period in which the project is completed. If a project becomes impaired or is abandoned, the carrying value of the related intangible asset is written down to its fair value and an impairment charge is taken in the period in which the impairment occurs. IPR&D assets will be tested for impairment on an annual basis during the third quarter, or earlier if impairment indicators are present.

Intangible assets acquired in a business combination with a finite life are recorded at fair value and amortized over the greater of economic consumption or on a straight-line basis over their estimated useful life.

Goodwill

The difference between the purchase price and the fair value of assets acquired and liabilities assumed in a business combination is allocated to goodwill. Goodwill is evaluated for impairment on an annual basis during the third quarter, or earlier if impairment indicators are present.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets, including property and equipment, and intangible assets when circumstances indicate that an event of impairment may have occurred. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. In the event that such cash flows are not expected to be sufficient to recover the carrying amount of the assets, the assets are written-down to their estimated fair values.

Revenue Recognition

The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller's price to the buyer is fixed or determinable; and collectability is reasonably assured.

In January 2010, the Company adopted a new U.S. GAAP accounting standard which amends existing revenue recognition accounting guidance to provide accounting principles and application guidance on whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. This new guidance eliminates the requirement to establish objective evidence of fair value of undelivered products and services and instead provides for separate revenue recognition based upon management's estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. The old guidance previously required that the fair value of the undelivered item be the price of the item either sold in a separate transaction between unrelated third parties or the price charged for each item when the item is sold separately by the vendor. This was difficult to determine when the product was not individually sold because of its unique features. Under the old guidance, if the fair value of all of the undelivered elements in the arrangement was not determinable, then revenue was deferred until all of the items were delivered or fair value was determined. The adoption of the new standard was done on a prospective basis and did not impact the Company's financial position or results of operations.

Prior to the adoption of the new revenue recognition standard, the Company had entered into various license and development agreements with pharmaceutical and biotechnology companies. The

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

terms of the agreements typically include non-refundable license fees, funding of research and development, payments based upon achievement of certain milestones and royalties on net product sales. Non-refundable license fees were recognized as revenue when the Company had a contractual right to receive such payments, provided that (i) a contractual arrangement exists, (ii) the contract price is fixed or determinable, (iii) the collection of the resulting receivable is reasonably assured and (iv) the Company had no further performance obligations under the license agreement. Upfront non-refundable fees associated with license and development agreements where the Company had continuing performance obligations under the terms of the agreement were recorded as deferred revenue and recognized as revenue over the estimated service period as the Company completed its obligations. Where the Company's level of effort was relatively constant over the performance period or no other pattern was estimable, the revenue was recognized on a straight-line basis. Revenue was limited to the lesser of the cumulative amount of payments due or the cumulative amount of revenue earned, as determined using the straight-line basis, as of the period ending date. If the estimated service period was subsequently modified, the period over which the upfront fee was recognized was modified accordingly on a prospective basis. The determination of the performance period involved judgment on management's part. Funding of research and development was recognized as revenue over the term of the applicable contract as costs are incurred related to that contract.

Payments received to fund certain research activities are recognized as revenue in the period in which the research activities are performed. Revenue from contracts and grants is recognized as the services are performed and recorded as effort is expended on the contracted work and billed to the government or the Company's contractual partner. Payments received in advance that are related to future performance are deferred and recognized as revenue when the research projects are performed. During the year ended December 31, 2010, the Company recorded \$1.7 million to other income related to IRS Qualifying Therapeutic Discovery Grants because the grant arrangement was not part of the Company's on-going operations.

Product royalty revenue consists of payments received from licensees for a portion of sales proceeds from products that utilize the Company's licensed technologies and are recognized when the amount of and basis for such royalty payments are reported to us in accurate and appropriate form and in accordance with the related license agreement.

Research and Development Expenses

Research and development costs, including internal and contract research costs, are expensed as incurred. Research and development expenses consist mainly of clinical trial costs, manufacturing of clinical material, toxicology and other studies, personnel costs, depreciation, license fees and funding of outside research.

Patent Costs

Patent costs are expensed as incurred. Certain patent costs are reimbursed by the Company's product development and licensing partners. Any reimbursed patent costs are recorded as product development and licensing agreement revenues in the Company's financial statements.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation

The Company records stock-based compensation expense for all stock-based awards made to employees and directors based on the estimated fair values of the stock-based awards expected to vest at the grant date and is adjusted, if necessary, to reflect actual forfeitures. Compensation expense for all stock-based awards to employees and directors is recognized using the straight-line method over the term of vesting or performance.

The Company records stock-based compensation expense for stock options granted to non-employees based on the fair value of the stock options which is re-measured over the vesting term resulting in periodic adjustments to stock-based compensation expense.

Foreign Currency Translation

The functional currency of the Company's foreign subsidiary is the local currency. All assets and liabilities of the foreign subsidiary are re-measured into U.S. dollars at rates of exchange in effect at the end of the year. Revenue and expense amounts are re-measured using the average exchange rates for the period. Net unrealized gains and losses resulting from foreign currency translation are included in other comprehensive income (loss). At December 31, 2010 and December 31, 2009, accumulated other comprehensive income includes a net unrealized gain related to foreign currency translation of \$2.6 million. In February 2011, the Company's foreign subsidiary entered into voluntary intercompany liquidation in an effort to consolidate the Company's foreign operations into Celldex Therapeutics, Inc.

Income Taxes

The Company uses the asset and liability method to account for income taxes, including the recognition of deferred tax assets and deferred tax liabilities for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax basis. Quarterly, the Company reviews its deferred tax assets for recovery. A valuation allowance is established when the Company believes that it is more likely than not that its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company's tax provision in the period of change.

The Company records uncertain tax positions in the financial statements only if it is more likely than not that the uncertain tax position will be sustained upon examination by the taxing authorities. The Company records interest and penalties related to uncertain tax positions in income tax expense.

Comprehensive Loss

Comprehensive loss is comprised of net loss and certain changes in stockholders' equity that are excluded from net loss. The Company includes foreign currency translation adjustments for subsidiaries in which the functional currency is not the U.S. dollar and unrealized gains and losses on marketable securities in other comprehensive loss. The consolidated statements of stockholders' equity (deficit) and comprehensive loss reflect total comprehensive loss for the years ended December 31, 2010, 2009 and 2008.

CELLEX THERAPEUTICS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***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:

	Year Ended December 31,		
	2010	2009	2008
Stock options	4,019,982	3,576,159	2,070,993
Convertible debt	353,563	353,563	—
Restricted stock	9,338	16,000	—
	<u>4,382,883</u>	<u>3,945,722</u>	<u>2,070,993</u>

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 March 2010, the FASB issued revised accounting guidance for milestone revenue recognition. The new guidance allows for revenue recognition contingent upon the achievement of a milestone in its entirety, in the period in which the milestone is achieved, only if the milestone meets all the criteria within the guidance to be considered substantive. It is effective on a prospective basis to milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. The Company will adopt this guidance beginning with agreements entered into on or after January 1, 2011. The Company does not expect the adoption of this standard to have a material impact on its financial position and results of operations.

(3) BUSINESS COMBINATIONS*AVANT Merger*

On March 7, 2008, the Company (formerly known as AVANT Immunotherapeutics, Inc.) ("AVANT") merged with Celldex Research Corporation (formerly known as Celldex Therapeutics, Inc.) ("Celldex Research"), a privately-held company, (the "AVANT Merger"). Effective October 1, 2008, the Company changed its name from AVANT Immunotherapeutics, Inc. to Celldex Therapeutics, Inc. In connection with the AVANT Merger, effective March 7, 2008, the Company issued 8,309,420 shares of its common stock in exchange for all of the outstanding capital stock of Celldex Research, such that Celldex Research shareholders owned 58% of the Company's common stock on a fully diluted basis and AVANT shareholders retained 42%. The purchase price of \$47.6 million represents the shares attributable to former AVANT shareholders and consisted of (i) the 6,265,882 shares outstanding of

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) BUSINESS COMBINATIONS (Continued)

AVANT common stock on the effective date of the Merger valued at \$46.9 million and (ii) estimated transaction costs totaling \$0.7 million.

The AVANT Merger was accounted for using the former purchase method of accounting and was treated as an acquisition by Celldex Research of AVANT, with Celldex Research being considered the accounting acquirer even though AVANT was the issuer of common stock and the surviving legal entity in the transaction. The purchase price was allocated to acquired tangible assets of \$35.0 million, intangible assets of \$1.8 million, assumed liabilities of \$4.0 million and IPR&D of \$14.8 million, based upon their fair value at the date of acquisition. The values assigned to IPR&D primarily related to the development of a typhoid-ETEC-cholera combination travelers vaccine and the CDX-1135 complement inhibitor in the amounts of \$7.8 million and \$6 million, respectively. None of the IPR&D projects had reached technological feasibility nor did they have any alternative future use. Accordingly, the fair value allocated to IPR&D was charged as an expense in the Company's consolidated financial statements as of the date of acquisition.

In January 2009, the Company entered into a license agreement with Vaccine Technologies, Inc. ("VTI") under which it granted a worldwide exclusive license to VTI to develop and commercialize our CholeraGarde® and ETEC vaccine programs. The Company may receive milestones payments and royalties with respect to development and commercialization of the technology licensed to VTI and no longer expects to incur significant costs on these projects. The Company is reviewing the development and strategic plans for CDX-1135 in an effort to prioritize its clinic and preclinical programs.

Acquisition of CuraGen Corporation ("CuraGen")

On October 1, 2009, the Company acquired CuraGen, a former publicly-traded company (the "CuraGen Merger"). Following the CuraGen Merger, the financial statements reflect the financial position, results of operation and cash flows of the combined companies. In connection with the CuraGen Merger, effective October 1, 2009, the Company (i) issued 15,722,713 shares of common stock of the Company, or 0.2739 shares, in exchange for each share of outstanding CuraGen common stock, plus cash in lieu of fractional shares (the "CuraGen Exchange Ratio"), (ii) assumed the obligations under CuraGen's 2007 Stock Plan (the "CuraGen 2007 Plan") and each outstanding option to purchase common stock (a "CuraGen Stock Option") granted under the CuraGen 2007 Plan and (iii) assumed the \$12.5 million in 4% convertible subordinated debt due February 15, 2011 (the "CuraGen Debt").

The transaction was accounted for under the acquisition method of accounting. The acquisition-date fair value of the consideration transferred consisted of the fair value of the Company's common stock issued of \$85.4 million and fair value of CuraGen Stock Options that were attributed to precombination service of \$2.9 million. Of the CuraGen Stock Options assumed, all but 1%, were immediately vested upon closing in accordance with the terms of the stock option agreements and employment agreements.

The Company has allocated the consideration transferred for CuraGen to net tangible assets, intangible assets, goodwill and a severance obligation. The difference between the aggregate consideration transferred and the fair value of assets acquired and liabilities assumed was allocated to goodwill. This goodwill relates to synergies from the CuraGen Merger and a deferred tax liability related to acquired IPR&D intangible assets. None of the goodwill is expected to be deductible for

[Table of Contents](#)**CELLEX THERAPEUTICS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(3) BUSINESS COMBINATIONS (Continued)**

income tax purposes. The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash and cash equivalents	\$	51,654
Marketable securities		18,638
Identifiable intangible assets:		
IPR&D		11,800
Amgen Amendment		14,500
TopoTarget Agreement		2,400
Other current and long-term assets		756
Goodwill		8,965
CuraGen Debt		(11,503)
Net deferred tax liability		(5,190)
Other assumed liabilities		(3,778)
Total	\$	<u>88,242</u>

The values assigned to the intangible assets acquired, including the IPR&D, were determined based on fair market value using a risk adjusted discounted cash flow approach. The values assigned to IPR&D primarily related to the development of CDX-011. The significant assumptions underlying the valuations included potential revenues, costs of completion, the timing of product approvals and the selection of appropriate probability of success and discount rates. At the date of acquisition, CDX-011 had not yet reached technological feasibility nor did it have any alternative future use. In September 2010, the Company initiated a randomized Phase 2b controlled study for CDX-011 in patients with heavily pre-treated, advanced breast cancer. The Company expects to complete enrollment in this Phase 2b study by the fourth quarter of 2011. The Company expects to incur approximately \$3.2 million in 2011 on this Phase 2b study. Estimated revenues from CDX-011 are expected to be generated by 2016. The remaining acquired intangible assets arising from the acquisition are being amortized on a straight line basis over their estimated lives. The net deferred tax liability primarily relates to the temporary differences associated with the IPR&D intangible assets, which are not deductible for tax purposes.

In connection with the CuraGen Merger, effective October 1, 2009, Celldex, CuraGen, and The Bank of New York Mellon (the "Trustee") amended the CuraGen Debt to provide that the CuraGen Debt shall be convertible into 353,563 shares of Celldex common stock at the rate of 28.27823 shares of Celldex common stock per \$1,000 principal amount of notes, or \$35.36 per share. The initial carrying value of the CuraGen Debt was accreted ratably, over the term of the CuraGen Debt, to \$12.5 million due at maturity. Interest expense on the CuraGen Debt was \$1.2 million and \$0.3 million for the year ended December 31, 2010 and 2009 and included \$0.7 million and \$0.2 million in discount accretion, respectively. In February 2011, the Company paid the Trustee \$12.8 million to satisfy all outstanding principal and accrued interest related to the CuraGen Debt.

The Company incurred \$2.9 million in acquisition-related expenses including investment banking, legal, accounting, and valuation services in the consolidated statements of operations for the year ended December 31, 2009. In addition, the Company recorded \$3.3 million and \$0.9 million in CuraGen Severance expenses to general and administrative and research and development, respectively, in the consolidated statements of operations for the year ended December 31, 2009.

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) BUSINESS COMBINATIONS (Continued)

The following unaudited pro forma financial summary is presented as if the operations of the Company and CuraGen were combined as of January 1, 2008. The unaudited pro forma combined results are not necessarily indicative of the actual results that would have occurred had the acquisition been consummated at that date or of the future operations of the combined entities.

	Years Ended December 31,	
	2009	2008
	(In thousands)	
Revenue	\$ 15,180	\$ 8,630
Net loss	(40,262)	(25,786)

(4) FAIR VALUE MEASUREMENTS

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

	As of December 31, 2010			
	Level 1	Level 2	Level 3	
	(In thousands)			
Money market funds	\$ 10,975	\$ —	\$ —	\$ 10,975
Marketable securities	\$ 39,811	\$ 39,811	\$ —	\$ —
	\$ 50,786	\$ 39,811	\$ —	\$ 10,975

	As of December 31, 2009			
	Level 1	Level 2	Level 3	
	(In thousands)			
Money market funds	\$ 53,780	\$ —	\$ —	\$ 53,780
Marketable securities	\$ 25,451	\$ 25,451	\$ —	\$ —
	\$ 79,231	\$ 25,451	\$ —	\$ 53,780

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. Marketable securities have been valued at each balance sheet date, using observable market inputs that 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. Based on current market interest rates available to the Company for long-term liabilities with similar terms and maturities, the Company believes the fair value of the Term Loan, loan payable and note payable approximates its carrying value at December 31, 2010. At December 31, 2010, the estimated fair value of the Company's outstanding \$12.5 million in CuraGen Debt was approximately \$12.5 million based on quoted market prices. Intangible assets acquired in business combinations were accounted for using Level 3 inputs as described in Note 3.

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) MARKETABLE SECURITIES

A summary of marketable securities is shown below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
December 31, 2010				
Marketable securities				
U.S. government and municipal obligations				
Maturing in one year or less	\$ 14,836	\$ 35	\$ —	\$ 14,871
Maturing after one year through two years	11,428	103	—	11,531
Total U.S. government and municipal obligations	<u>\$ 26,264</u>	<u>\$ 138</u>	<u>\$ —</u>	<u>\$ 26,402</u>
Corporate debt securities				
Maturing in one year or less	\$ 11,798	\$ 18	\$ 2	\$ 11,814
Maturing after one year through two years	1,594	1	—	1,595
Total corporate debt securities	<u>\$ 13,392</u>	<u>\$ 19</u>	<u>\$ 2</u>	<u>\$ 13,409</u>
Total marketable securities	<u><u>\$ 39,656</u></u>	<u><u>\$ 157</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 39,811</u></u>
December 31, 2009				
Marketable securities				
U.S. government and municipal obligations				
Maturing in one year or less	\$ 9,698	\$ 5	\$ —	\$ 9,703
Maturing after one year through two years	7,129	6	22	7,113
Total U.S. government and municipal obligations	<u>\$ 16,827</u>	<u>\$ 11</u>	<u>\$ 22</u>	<u>\$ 16,816</u>
Corporate debt securities				
Maturing in one year or less	\$ —	\$ —	\$ —	\$ —
Maturing after one year through two years	8,672	—	37	8,635
Total corporate debt securities	<u>\$ 8,672</u>	<u>\$ —</u>	<u>\$ 37</u>	<u>\$ 8,635</u>
Total marketable securities	<u><u>\$ 25,499</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 59</u></u>	<u><u>\$ 25,451</u></u>

As of December 31, 2010, unrealized losses in the portfolio were primarily due to increases in interest rates. 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 December 31, 2010.

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) PROPERTY AND EQUIPMENT

Property and equipment include the following:

	December 31, 2010	December 31, 2009
	(In thousands)	
Laboratory Equipment	\$ 2,942	\$ 2,643
Manufacturing Equipment	1,418	1,622
Office Furniture and Equipment	1,299	1,165
Leasehold Improvements	13,244	12,601
Construction in Progress	703	180
Total Property and Equipment	19,606	18,211
Less Accumulated Depreciation and Amortization	(8,774)	(6,722)
	<u>\$ 10,832</u>	<u>\$ 11,489</u>

Depreciation and amortization expense related to property and equipment was \$2.7 million, \$2.6 million and \$2.2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

(7) INTANGIBLE ASSETS AND GOODWILL

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

	December 31, 2010				December 31, 2009		
	Estimated Life	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	(1,121)	13,379	14,500	(224)	14,276
TopoTarget Agreement	1.75 years	2,400	(2,057)	343	2,400	(343)	2,057
Core Technology	4.5 - 11 years	1,948	(1,040)	908	2,193	(832)	1,361
Strategic Partner Agreement	8 years	630	(224)	406	630	(145)	485
Total Intangible Assets		<u>\$ 31,278</u>	<u>\$ (4,442)</u>	<u>\$ 26,836</u>	<u>\$ 31,523</u>	<u>\$ (1,544)</u>	<u>\$ 29,979</u>
Goodwill	Indefinite	<u>\$ 8,965</u>	<u>—</u>	<u>\$ 8,965</u>	<u>\$ 8,965</u>	<u>—</u>	<u>\$ 8,965</u>

In January 2009, the Company entered into a purchase agreement ("LAHI Agreement") with Lohmann Animal Health International ("LAHI") to sell its poultry vaccines assets to LAHI. Under the LAHI Agreement, LAHI paid an upfront fee of \$0.8 million and agreed to pay potential milestone payments. During the year ended December 31, 2009, the Company recorded a gain of \$0.6 million related to the LAHI Agreement based on the upfront fee less the net book value of the related asset.

The estimated fair value attributed to the April 2008 agreement ("TopoTarget Agreement") between the Company (as a successor to CuraGen) and TopoTarget A/S ("TopoTarget") relates to the Company's rights under the TopoTarget Agreement to receive up to \$6 million in either potential commercial milestone payments related to future net sales of Belinostat or 10% of any sublicense income received by TopoTarget ("TopoTarget Payments"). In February 2010, TopoTarget entered into a

CELLDEX THERAPEUTICS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(7) INTANGIBLE ASSETS AND GOODWILL (Continued)**

co-development and commercialization agreement for Belinostat with Spectrum Pharmaceuticals, Inc. which resulted in the Company's receipt of \$3 million of the TopoTarget Payments. The Company recorded this cash receipt as Other Income for the year ended December 31, 2010.

During the year ended December 31, 2010, the Company wrote-off \$0.2 million in Core Technology to amortization of intangible asset expense.

Amortization expense for intangible assets was \$3.1 million, \$0.9 million and \$0.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. The estimated future amortization expense of intangible assets as of December 31, 2010, for the next five years is as follows:

Year ending December 31,	Estimated Amortization Expense
	(In thousands)
2011	\$ 1,588
2012	1,169
2013	1,094
2014	1,094
2015	1,094

(8) ACCRUED EXPENSES

Accrued expenses include the following:

	December 31, 2010	December 31, 2009
	(In thousands)	
Accrued Royalty and License Fees	\$ 826	\$ 1,323
Accrued Payroll and Employee Benefits	1,925	1,915
Accrued Research and Development Contract Costs	1,218	918
Accrued Professional Fees	449	512
Other Accrued Expenses	518	947
	\$ 4,936	\$ 5,615

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) OTHER LONG-TERM LIABILITIES

Other long-term liabilities include the following:

	December 31, 2010	December 31, 2009
	(In thousands)	
Deferred Rent	\$ 450	\$ 377
CuraGen Severance	685	2,623
Net Deferred Tax Liability	4,661	4,661
Loan Payable	581	632
Note Payable	32	178
Total	6,409	8,471
Less Current Portion	(818)	(2,156)
Long-Term Portion	\$ 5,591	\$ 6,315

CuraGen Severance

CuraGen employees who did not receive offers of employment were terminated upon the consummation of the CuraGen Merger. These employees were eligible for severance payments ("CuraGen Severance") upon termination of employment under certain circumstances, including following the CuraGen Merger. U.S. GAAP requires severance obligations that are incurred by the acquiree for the benefit of the acquirer to be recognized as an expense in the post-combination period. Because the offer of employment was at the option of the Company, the Company has deemed the CuraGen Severance to be at its benefit. On October 1, 2009, the Company recorded severance expense of \$3.3 million and \$0.9 million to general and administrative and research and development, respectively, related to the CuraGen Severance.

Loan Payable and Note Payable

In December 2003, the Company entered into a Lease Agreement (the "Lease Agreement"), a Secured Promissory Note: Equipment Loan (the "Note Payable") and a Security Agreement with the Massachusetts Development Finance Agency ("MassDevelopment"). The Note Payable accrues interest at a rate of 5.5% per annum, matures in April 2011 and is collateralized by equipment with a net book value at December 31, 2010 of \$0.2 million. Under the Lease Agreement, the Company also received a loan ("Loan Payable") that accrues interest at a rate of 5.5% per annum to finance the build-out of its manufacturing facility in Fall River, Massachusetts. Principal and interest payments on the Loan Payable are due monthly using an amortization period of 15 years.

CELLEX THERAPEUTICS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(9) OTHER LONG-TERM LIABILITIES (Continued)**

The Company is obligated to repay the following principal amounts for the Loan Payable and Note Payable over the next five years and thereafter:

	<u>Loan Payable</u>	<u>Note Payable</u>
	(In thousands)	
2011	\$ 49	\$ 32
2012	55	—
2013	58	—
2014	60	—
2015	63	—
Thereafter	296	—
Total	<u>\$ 581</u>	<u>\$ 32</u>

(10) TERM LOAN

On December 30, 2010, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with MidCap Financial, LLC ("MidCap") pursuant to which the Company borrowed \$10 million (the "Term Loan") from MidCap. In March 2011, the Company amended the Loan Agreement and borrowed an additional \$5 million from General Electric Capital Corporation ("GECC") (collectively with MidCap, the "Lenders") to increase the amount owed under the Term Loan to \$15 million. No additional advances are available under the Loan Agreement. 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%. The Company must make monthly interest payments commencing on February 1, 2011 and must repay the principal amount of the Term Loan in 27 equal consecutive monthly installments commencing on October 1, 2011. Notwithstanding the foregoing, all unpaid principal and accrued interest with respect to the Term Loan is due and payable on the earlier of (A) December 30, 2013 or (B) the date that the Term Loan otherwise becomes due and payable under the terms of the Loan Agreement.

Upon repayment of the Term Loan in full, the Company is also obligated to make a final payment fee of \$0.5 million ("Final Payment") which the Company is accreting ratably over the term of the Term Loan. The Company may prepay all, but not less than all, of the Term Loan subject to a prepayment premium of 1% in year three, 2% in year two, and 4% in year one of the original principal amount of the Term Loan.

The obligations of the Company under the Loan Agreement are secured 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 December 31, 2010, the Company believes it is in compliance with the Loan Agreement.

At December 31, 2010, the Company had \$0.2 million in capitalized deferred financing costs incurred in connection with the Term Loan and is amortizing these costs to interest expense over the

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CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) TERM LOAN (Continued)

term of the loan. The Company is also accreting the Final Payment to interest expense over the term of the loan.

The Company is obligated to repay the following principal amounts for the Term Loan (including Final Payment) over the next five years and thereafter (in thousands):

2011	\$	1,111
2012		4,444
2013		4,745
2014		—
2015		—
Thereafter		—
Total	\$	10,300

(11) STOCKHOLDERS' EQUITY

Common Stock

The Company implemented a 1-for-12 reverse stock split of the Company's common stock on March 7, 2008, as approved by the Company's stockholders. The Company has retroactively applied the reverse stock split to all of the share and per share amounts for all periods presented in these consolidated financial statements.

In April 2010, the Company 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 filing up to a dollar amount of \$150 million. The shelf registration went effective on April 22, 2010. No securities have been sold by the Company from this shelf registration.

On January 6, 2011, the Company entered into a controlled equity offering sales agreement (the "Cantor Agreement") with Cantor Fitzgerald & Co. ("Cantor") pursuant to which the Company may issue and sell up to 5,000,000 shares of its common stock from time to time through Cantor, acting as agent. The Company agreed to pay Cantor a commission up to 5% of the gross proceeds from each sale and to reimburse Cantor for certain expenses incurred in connection with entering into the Cantor Agreement. As of March 2, 2011, the Company had not sold any shares of common stock under the Cantor Agreement.

Convertible Preferred Stock

At December 31, 2010, the Company had authorized 3,000,000 shares of preferred stock all of which have been designated Class C Preferred Stock including 350,000 shares which have been designated Series C-1 Junior Participating Cumulative Preferred Stock (the "Series C-1 Preferred Stock").

Shareholder Rights Plan

The Company's Board has adopted a Shareholder Rights Plan, as set forth in the Shareholder Rights Agreement, as amended, between the Company and Computershare Trust Company, N.A., as Rights Agent (the "Rights Agreement"). Pursuant to the terms of the Rights Agreement, the Board

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) STOCKHOLDERS' EQUITY (Continued)

declared a dividend distribution of one Preferred Stock Purchase Right ("Right") for each outstanding share of the Company's common stock. Each Right, which expires in November 2014, entitles their holder to purchase from the Company one ten-thousandth of a share (a "Unit") of Series C-1 Preferred Stock at a cash exercise price of \$35.00 per Unit, subject to adjustment. The Rights will trade separately from the common stock and will become exercisable only when a person or group has acquired 15% or more of the outstanding common stock or upon the commencement by a person or group of a tender offer that would result in such person or group acquiring 15% or more of the outstanding common stock other than as a result of repurchases of stock by the Company or certain inadvertent actions by a shareholder. In the event a person or group acquires 15% or more of the outstanding common stock each holder of a Right (except for any such person or group) would be entitled to receive upon exercise sufficient Units of Series C-1 Preferred Stock to equal a value of two times the exercise price of the Right. In the event the Company is acquired in a merger or other business combination transaction or if 50% or more of the Company's assets or earning power is sold, each holder of a Right (except for any such person or group described above) would receive upon exercise common stock of the acquiring company with a value equal to two times the exercise price of the Right.

(12) STOCK-BASED COMPENSATION

The Company has the following stock-based compensation plans: the 2004 Employee Stock Purchase Plan (the "2004 ESPP Plan"), the 2008 Stock Option and Incentive Plan (the "2008 Plan"), Celldex Research's 2005 Equity Incentive Plan (the "Celldex Research 2005 Plan") and the CuraGen 2007 Plan. The Company assumed the obligations under the Celldex Research 2005 Plan and CuraGen 2007 Plan in connection with the AVANT Merger and CuraGen Merger, respectively, and there are no shares available for future grant under either plan.

Employee Stock Purchase Plan

At December 31, 2010, a total of 62,500 shares of common stock are reserved for issuance under the 2004 ESPP Plan. Under the 2004 ESPP Plan, each participating employee may purchase up to 250 shares of common stock per year, through payroll deductions, at a purchase price equal to 85% of the lower of the fair market value of the common stock at either the beginning of the offering period or the applicable exercise date. During the year ended December 31, 2010 and 2009, the Company issued 5,897 shares and 2,979 shares under the 2004 ESPP Plan, respectively. At December 31, 2010, 51,009 shares were available for issuance under the 2004 ESPP Plan.

Employee Stock Option and Incentive Plan

The 2008 Plan permits the granting of incentive stock options (intended to qualify as such under Section 422A of the Internal Revenue Code of 1986, as amended), non-qualified stock options, stock appreciation rights, performance share units, restricted stock and other awards of restricted stock in lieu of cash bonuses to employees, consultants and outside directors.

At December 31, 2010, the 2008 Plan allowed for a maximum of 3,900,000 shares of common stock to be issued prior to October 19, 2017. The Company's board of directors determines the term of each option, option price, and number of shares for which each option is granted and the rate at which each option vests. Options generally vest over a period not to exceed four years. The term of each option

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) STOCK-BASED COMPENSATION (Continued)

cannot exceed ten years (five years for options granted to holders of more than 10% of the voting stock of the Company) and the exercise price of stock options cannot be less than the fair market value of the common stock at the date of grant (110% of fair market value for incentive stock options granted to holders of more than 10% of the voting stock of the Company). The 2008 Plan also provides for discretionary grants of non-qualified stock options to non-employee directors. Vesting of all employee and non-employee director stock option awards is accelerated upon a change in control as defined in the 2008 Plan.

A summary of stock option activity for the year ended December 31, 2010 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In Years)
Options Outstanding at December 31, 2009	3,576,159	\$ 7.10	6.6
Granted	849,922	\$ 4.52	
Exercised	(350,424)	\$ 2.83	
Canceled	(55,675)	\$ 7.08	
Options Outstanding at December 31, 2010	4,019,982	\$ 6.93	6.6
Options Vested and Expected to Vest at December 31, 2010	3,976,739	\$ 6.94	6.6
Options Exercisable at December 31, 2010	2,599,650	\$ 7.41	5.8
Shares Available for Grant under the 2008 Plan	1,654,250		

The total intrinsic value of stock options exercised during the years ended December 31, 2010 and 2009 was \$1.0 million and \$0.3 million, respectively. No stock options were exercised during the year ended December 31, 2008. The weighted average grant-date fair value of stock options granted during the years ended December 31, 2010, 2009 and 2008 was \$2.82, \$5.29 and \$4.37, respectively. The total fair value of stock options vested during the years ended December 31, 2010, 2009 and 2008 was \$2.5 million, \$2.6 million and \$2.8 million, respectively.

The aggregate intrinsic value of stock options outstanding at December 31, 2010 was \$0.6 million. The aggregate intrinsic value of stock options vested and expected to vest at December 31, 2010 was \$0.6 million. As of December 31, 2010, total compensation cost related to non-vested employee and non-employee director stock options not yet recognized was approximately \$4.0 million, net of estimated forfeitures, which is expected to be recognized as expense over a weighted average period of 2.5 years.

Shares Issued to Executive Officers

In January 2009, the Company granted 29,340 shares of common stock from the 2008 Plan to its executive officers. The value of these shares of \$0.3 million was expensed during the year ended December 31, 2008.

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) STOCK-BASED COMPENSATION (Continued)

Restricted Stock

A summary of restricted stock activity under the 2008 Plan for the year ended December 31, 2010 is as follows:

	Shares	Weighted Average Grant Date Fair Value (per share)
Outstanding and unvested at December 31, 2009	16,000	\$ 4.48
Granted	14,000	\$ 3.96
Vested	(20,662)	\$ 4.36
Canceled	—	—
Outstanding and unvested at December 31, 2010	<u>9,338</u>	<u>\$ 3.96</u>

Valuation and Expenses Information

Stock-based compensation expense related to employee and non-employee stock options, restricted stock and employee stock purchases for the years ended December 31, 2010, 2009 and 2008 was recorded as follows:

	2010	2009	2008
	(In thousands)		
Research and development	\$ 1,625	\$ 1,383	\$ 2,035
General and administrative	1,177	1,675	2,781
Total stock-based compensation expense	<u>\$ 2,802</u>	<u>\$ 3,058</u>	<u>\$ 4,816</u>

The fair values of employee and non-employee director stock options and employee stock purchases granted during the years ended December 31, 2010, 2009 and 2008 were valued using the Black-Scholes option-pricing model with the following assumptions:

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Expected stock price volatility (options)	65 - 67%	65 - 68%	55 - 67%
Expected stock price volatility (2004 ESPP)	51 - 70%	90 - 98%	98%
Expected option term (options)	6.2 Years	5.5 - 6.3 Years	3 - 6.3 Years
Expected option term (2004 ESPP)	.5 Years	.5 Years	.5 Years
Risk-free interest rate (options)	1.8 - 3.2%	1.8 - 3.4%	1.8 - 3.3%
Risk-free interest rate (2004 ESPP)	0.2%	0.3%	0.3%
Expected dividend yield	None	None	None

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) STOCK-BASED COMPENSATION (Continued)

Prior to January 1, 2010, the Company used the simplified method of estimating the expected term for share-based compensation. Starting January 1, 2010, the Company ceased using the simplified method, and now uses the average of expected terms for industry peers. Due to the AVANT Merger and the CuraGen Merger, historical exercise patterns do not provide a reasonable basis to estimate expected term of current option grants. Industry peers consist of several public companies that are similar in size in the biopharmaceutical industry. The Company uses its historical stock price volatility consistent with the expected term of grant as the basis for its expected volatility assumption. The risk-free interest rate is based upon the yield of U.S. Treasury securities consistent with the expected term of the option. The dividend yield assumption is based on the Company's history of zero dividend payouts and expectation that no dividends will be paid in the foreseeable future.

(13) SIGNIFICANT REVENUE ARRANGEMENTS

A summary of the Company's significant revenue contracts and arrangements follows:

GlaxoSmithKline plc ("Glaxo") and Paul Royalty Fund II, L.P. ("PRF")

In 1997, the Company entered into an agreement with Glaxo to collaborate on the development and commercialization of the Company's oral rotavirus strain and Glaxo assumed responsibility for all subsequent clinical trials and all other development activities. The Company's licensed-in the rotavirus strain that was used to develop Glaxo's Rotarix® rotavirus vaccine in 1995 and owes a license fee of 30% to Cincinnati Children's Hospital Medical Center ("CCH") on net royalties received from Glaxo. The Company is obligated to maintain a license with CCH with respect to the Glaxo agreement. The term of the Glaxo agreement is through the expiration of the last of the relevant patents covered by the agreement, although Glaxo may terminate the agreement upon 90 days prior written notice. The last relevant patent is scheduled to expire in December 2012. No additional milestone payments are due from Glaxo under the agreement.

In May 2005, the Company entered into an agreement whereby an affiliate of PRF purchased a 70% interest in the milestone payments and net royalties the Company will receive on worldwide sales of Rotarix®. We have received a total of \$60 million in milestone payments under the PRF agreement. No additional milestone payments are due from PRF under the agreement. The PRF agreement terminates on December 12, 2012, unless otherwise extended. The Company's 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. Product royalty revenue and royalty expense related to the Company's retained interest in Rotarix® was \$6.4 million, \$7.7 million and \$3.0 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Royalty rates on Rotarix® escalate from 7% to 10% based on net product sales in countries that have valid patent protection. These royalty rates are discounted by 30% for "non-patent" countries (primarily international markets). In September 2006, the Company received notice from Glaxo that Glaxo would begin paying royalties on sales of Rotarix® at the lower of the two royalty rates under their 1997 license agreement. Glaxo's decision to pay the lower royalty rate (which is 70% of the full rate) is based upon Glaxo's assertion that Rotarix® is not covered by the patents Glaxo licensed from the Company in Australia and certain European countries. If Glaxo's position stands, the royalties to which PRF is entitled will no longer be limited by a \$27.5 million annual threshold. With respect to the \$27.5 million annual threshold, if worldwide net royalties on sales of Rotarix® exceed \$27.5 million in

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) SIGNIFICANT REVENUE ARRANGEMENTS (Continued)

any year, we would retain approximately 65% of all royalties in excess of \$27.5 million. Irrespective of Glaxo's position, the Company will still retain approximately 65% of the royalties on worldwide sales of Rotarix® once PRF receives 2.45 times the aggregate cash payments of \$60 million it made to the Company, though the potential amount of such residual royalties will be lower if Glaxo's position stands. In late March 2010, the FDA temporarily suspended the use of Rotarix® in the United States as a precautionary measure following the discovery of PCV-1 DNA material in the vaccine. In May 2010, the FDA determined that healthcare practitioners could resume the use of Rotarix®.

Pfizer Inc ("Pfizer")

On April 16, 2008, the Company and Pfizer entered into a License and Development Agreement (the "Pfizer Agreement") under which Pfizer was granted an exclusive worldwide license to a therapeutic cancer vaccine candidate, rindopepimut (CDX-110), in Phase 2b development for the treatment of glioblastoma multiforme. The Pfizer Agreement also gave Pfizer exclusive rights to the use of EGFRvIII vaccines in other potential indications. Under the Pfizer Agreement, Pfizer made an upfront payment to the Company of \$40 million and made a \$10 million equity investment in the Company. On May 27, 2008, the Company received \$10 million from Pfizer in exchange for 781,250 shares of the Company's common stock having a fair value of \$10.9 million, or \$13.91 per share, on that date. The \$0.9 million over the amount received from Pfizer was recorded as a reduction to deferred revenue of the \$40 million upfront payment received from Pfizer on June 18, 2008. The Pfizer Agreement also provided for reimbursement by Pfizer of all costs incurred by the Company in connection with the collaboration since the effective date.

The Company had determined that its performance obligations under this collaboration should be accounted for as a single unit of accounting. The Company's deliverables under this collaboration primarily included an exclusive license to its rindopepimut product candidate and its EGFRvIII technologies, research and development services as required under the collaboration and participation in the joint clinical development committee. The Company had estimated that its expected performance period under the collaboration would be 9.5 years based on an assessment of the period over which the Company would have met its performance obligations under the collaboration. The \$40 million up-front payment, less the \$0.9 million in excess fair value for the Company's common stock discussed above, and research and development reimbursements, were initially recorded as deferred revenue and recognized as revenue on a straight-line basis over this 9.5 year period using the Contingency Adjusted Performance Model ("CAPM").

On September 1, 2010, the Company received written notice (the "Pfizer Notice") from Pfizer of termination with respect to the Pfizer Agreement. The Pfizer Notice was given under a provision of the Pfizer Agreement which permitted termination at any time and for any reason, upon 60-days' written notice to the Company. The Pfizer Notice did not state a reason for termination. In November 2010, the Pfizer Agreement was terminated (the "Pfizer Termination") and all rights to rindopepimut were returned to the Company. As a result of the Pfizer Termination, during three months ended December 31, 2010, the Company recognized the remaining deferred revenue related to the Pfizer Agreement to product development and licensing agreement revenue.

The Company incurred and invoiced Pfizer reimbursable costs related to the Pfizer collaboration of \$0.8 million, \$3.2 million and \$4.9 million for the years ended December 31, 2010, 2009 and 2008,

CELLEX THERAPEUTICS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(13) SIGNIFICANT REVENUE ARRANGEMENTS (Continued)**

respectively. Effective with the Pfizer Termination, Pfizer is no longer funding the development of rindopepimut.

The Company recorded product development and licensing agreement revenue under the Pfizer Agreement as follows:

	Year Ended December 31,		
	2010	2009	2008
	(In thousands)		
Up-front portion	\$ 32,462	\$ 4,119	\$ 2,551
Reimbursable costs portion	7,475	1,063	319
	<u>\$ 39,937</u>	<u>\$ 5,182</u>	<u>\$ 2,870</u>

In connection with the Pfizer Agreement, the Company paid a total of \$6.9 million in sublicense fees to Duke University and Thomas Jefferson University. The Company recorded these deferred sublicense fees to other assets in the consolidated balance sheets and was amortizing them to royalty expense over the 9.5-year performance period. As a result of the Pfizer Termination, during three months ended December 31, 2010, the Company recognized the remaining deferred costs related to the Pfizer Agreement to royalty expense. The Company recorded \$5.7 million, \$0.7 million and \$0.5 million in royalty expense related to these deferred sublicense fees during the years ended December 31, 2010, 2009 and 2008, respectively.

Rockefeller University ("Rockefeller")

The Company has provided research and development support to Rockefeller on the development of their vaccine, DCVax-001, which the Company refers to as CDX-2401, aimed at providing protection from infection with HIV, the virus known to cause AIDS. Payments to the Company are made on a time and materials basis. The Company recorded grant revenue from Rockefeller of \$0.2 million, \$1.8 million and \$0.4 million for the years ended December 31, 2010, 2009 and 2008, respectively.

(14) COLLABORATION AGREEMENTS

The Company has entered into license agreements whereby the Company has received licenses or options to license technology, specified patents or patent applications. The Company's licensing and development collaboration agreements generally provide for royalty payments equal to specified percentages of product sales, annual license maintenance fees, continuing patent prosecution costs and potential future milestone payments to third parties upon the achievement of certain developmental, regulatory and/or commercial milestones. Nonrefundable license fee expense was \$1.0 million, \$0.7 million and \$0.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) COLLABORATION AGREEMENTS (Continued)

Medarex, Inc., a subsidiary of Bristol-Myers Squibb ("Medarex")

Medarex, a former related party, and the Company have entered into the following agreements, each of which was approved by a majority of its independent directors who did not have an interest in the transaction. These agreements include:

- An Assignment and License Agreement, as amended, ("Assignment and License Agreement") that provides for the assignment of certain patent and other intellectual property rights and a license to certain Medarex technology related to the Company's APC Targeting Technology and an anti-mannose receptor product; and
- A Research and Commercialization Agreement, as amended, ("Research and Commercialization Agreement") that provides the Company with certain rights to obtain exclusive commercial licenses to proprietary monoclonal antibodies raised against certain antigens utilizing the Medarex UltiMAB® technology platform for generating antibodies.

Under the terms of the Assignment and License Agreement, the Company may be required to pay royalties in the low-single digits on any net product sale of a Licensed Royalty-Bearing Product or Anti-Mannose Product to Medarex until the later of (i) the expiration of the last to expire applicable patent and (ii) the tenth anniversary of the first commercial sale of such licensed product. Under the terms of the Research and Commercialization Agreement, the Company may be required to pay milestones of up to \$7.0 million upon obtaining first approval for commercial sale in a first indication of a product containing a licensed antibody and royalty payments in the low- to mid-single digits on any net product sales to Medarex with respect to the development of any products containing such licensed antibodies until the later of (i) the expiration of the last to expire applicable patent and (ii) the tenth anniversary of the first commercial sale of such licensed product. In September 2010, the Company exercised an option under the Research and Commercialization Agreement, whereby it obtained a commercial license to the human antibody technology specifically for CDX-1127, the Company's CD27 antibody.

In October 2007, the Company and Medarex entered into a settlement and mutual release agreement with settled disputed amounts the Company owed Medarex. The Company issued to Medarex 351,692 shares of the Company's common stock equal in value to \$3.0 million, based on the per share price of \$8.64 set on the second trading day prior to the closing date of the AVANT Merger and exchanged releases. In October 2009, the Company paid Medarex an additional \$3.0 million owed under the Master Services Agreement.

Rockefeller University ("Rockefeller")

In November 2005, the Company and Rockefeller entered into a license agreement for the exclusive worldwide rights to human DEC-205 receptor, with the right to sublicense the technology. The license grant is exclusive except that Rockefeller may use and permit other nonprofit organizations to use the human DEC-205 receptor patent rights for educational and research purposes. The Company may be required to pay milestones of up to \$3.9 million upon obtaining first approval for commercial sale in a first indication of a product targeting the licensed receptor and royalty payments in the low- to mid-single digits on any net product sales to Rockefeller with respect to development and commercialization of the human DEC-205 receptor.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) COLLABORATION AGREEMENTS (Continued)

Duke University Brain Tumor Cancer Center ("Duke")

In September 2006, the Company and Duke entered into a license agreement that gave the Company access and reference to the clinical data generated by Duke and its collaborators in order for the Company to generate its own filing with the FDA relating to its CDX-110 product. The Company may be required to pay milestone of up to \$1.0 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Duke with respect to development and commercialization of the CDX-110 product. In connection with the Pfizer Agreement, the Company determined that \$2.4 million was payable to Duke as a sublicense fee. As provided for under the Duke license, the Company paid 50% of this amount to Duke in the form of 81,512 shares of the Company's common stock in October 2008.

Ludwig Institute for Cancer Research ("Ludwig")

In October 2006, the Company and Ludwig entered into an agreement for the nonexclusive rights to certain cancer tumor targets for use in combination with the Company's APC Targeting Technology. The term of the agreement is for ten years. The Company may be required to pay milestones of up to \$1.0 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Ludwig with respect to development and commercialization of the technology licensed from Ludwig.

Alteris Therapeutics, Inc. ("Alteris")

In October 2005, the Company completed the acquisition of the assets of Alteris, including the EGFRvIII molecule. The Company may be required to pay Alteris up to \$5.0 million upon obtaining the first approval for commercial sale of a product containing EGFRvIII, including CDX-110.

Thomas Jefferson University ("TJU")

In February 2003, the Company entered into two exclusive license agreements with TJU. Under these licenses, the Company may be required to pay milestones of up to \$3.0 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to TJU with respect to development and commercialization of the technology licensed from TJU. In connection with the Pfizer Agreement, the Company amended its licenses with TJU to add additional sublicensing rights and paid \$4.5 million in sublicense fees to TJU in 2008.

3M Company

In June 2008, the Company and 3M Company entered into a license agreement for the exclusive worldwide rights to access 3M Company's proprietary Immune Response Modifier, Resiquimod, (and additional Toll-Like Receptor 7/8 agonists ("TLR")) for clinical study with the Company's proprietary APC Targeting Technology, for use as vaccine adjuvants, with the right to sublicense the technology. The Company may be required to pay milestones of up to \$3.8 million upon obtaining first approval for commercial sale of each product using this vaccine adjuvant and royalty payments in the low-single digits on any net product sales to 3M Company with respect to development and commercialization of the technology licensed from 3M Company.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) COLLABORATION AGREEMENTS (Continued)

University of Southampton, UK ("Southampton")

In November 2008, the Company entered into a license agreement with Southampton to develop human antibodies towards CD27, a potentially important target for immunotherapy of various cancers. CD27 is a critical molecule in the activation pathway of lymphocytes, is downstream from CD40, and may provide a novel way to regulate the immune responses. In preclinical models, antibodies to CD27 have been shown to mediate anti-tumor effects alone, and may be particularly effective in combination with the Company's other immunotherapies. The Company may be required to pay milestones of up to approximately \$1.4 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Southampton with respect to development and commercialization of the technology licensed from Southampton.

Amgen Inc. ("Amgen")

In March 2009, the Company entered into a license agreement with Amgen to expand its Precision Targeted Immunotherapy Platform by acquiring exclusive rights to CDX-301 and CD40 ligand (CD40L). CDX-301 and CD40L are immune modulating molecules that increase the numbers and activity of immune cells that control immune responses. The Company may be required to pay milestones of up to \$1.3 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the low-single digits on any net product sales to Amgen with respect to development and commercialization of this technology licensed from Amgen.

Seattle Genetics, Inc. ("Seattle Genetics")

In connection with the CuraGen Merger, the Company assumed the license agreement between CuraGen and Seattle Genetics whereby CuraGen acquired the rights to proprietary antibody-drug conjugate ("ADC") technology for use with the Company's proprietary antibodies for the potential treatment of cancer. The Company may be required to pay milestones of up to \$7.5 million upon obtaining first approval for commercial sale in a first indication and royalty payments in the mid-single digits on any net product sales to Seattle Genetics with respect to development and commercialization of the ADC technology.

CELLDEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) INCOME TAXES

The components of income tax expense attributable to continuing operations consist of the following:

	Year Ended December 31,		
	2010	2009	2008
	(In thousands)		
Income tax benefit (provision):			
Federal	\$ 1,512	\$ 12,750	\$ 10,198
State	779	(1,757)	6,958
Foreign	107	126	193
Expiration of Net Operating Losses and Research & Development Tax Credits	(13,924)	(3,992)	(1,306)
	(11,526)	7,127	16,043
Deferred tax valuation allowance	11,526	(6,598)	(16,043)
	\$ —	\$ 529	\$ —

Included in the state tax provision above for the year ended December 31, 2009 is the effect of a rate decrease on the deferred tax asset and liabilities offset by a \$0.5 million tax benefit due to non-cash tax consequences of the CuraGen Merger.

A reconciliation between the amount of reported income tax and the amount computed using the U.S. Statutory rate of 34% follows:

	2010	2009	2008
	(In thousands)		
Pre-tax book income (loss)	\$ (2,533)	\$ (37,054)	\$ (47,501)
Loss at Statutory Rates	(838)	(12,571)	(16,109)
Research and Development Credits	(1,498)	(1,456)	(1,325)
State Taxes	(779)	1,757	(6,958)
Other	717	1,151	85
IPR&D	—	—	6,958
Expiration of Net Operating Losses and Research & Development Tax Credits	13,924	3,992	1,306
Change in Valuation Allowance	(11,526)	6,598	16,043
Income tax (benefit) provision	\$ —	\$ (529)	\$ —

Deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and tax basis of assets and liabilities using future expected enacted rates. A valuation allowance is recorded against deferred tax assets if it is more likely than not that some or all of the deferred tax assets will not be realized.

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) INCOME TAXES (Continued)

The principal components of the deferred tax assets and liabilities at December 31, 2010 and 2009, respectively, are as follows:

	December 31, 2010	December 31, 2009
(In thousands)		
Gross Deferred Tax Assets		
Net Operating Loss Carryforwards	\$ 50,228	\$ 55,715
Tax Credit Carryforwards	17,998	16,735
Deferred Expenses	23,705	17,300
Stock-based Compensation	3,066	3,795
Fixed Assets	1,957	2,088
Accrued Expenses and Other	311	1,122
Deferred Revenue	—	15,535
	<u>97,265</u>	<u>112,290</u>
Gross Deferred Tax Liabilities		
Other Acquired Intangibles	(5,615)	(6,500)
IPR&D Intangibles	(4,661)	(4,661)
Deferred License Costs and Other	(37)	(2,651)
	<u>(10,313)</u>	<u>(13,812)</u>
Total Deferred Tax Assets and Liabilities	86,952	98,478
Deferred Tax Assets Valuation Allowance	(91,613)	(103,139)
Net Deferred Tax Asset (Liability)	\$ (4,661)	\$ (4,661)

The net deferred tax liability of \$4.7 million at December 31, 2010 and 2009 primarily relates to the temporary differences associated with the IPR&D intangible assets acquired in the CuraGen Merger, which are not deductible for tax purposes.

As of December 31, 2010, the Company had the following federal net operating loss ("NOL") carryforwards:

- Prior to the merger of Celldex and AVANT, \$33.0 million was generated by Celldex Research which expire at various dates starting in 2023 and going through 2028;
- Prior to the merger of Celldex and AVANT, \$132.2 million, net of expirations and utilization, was generated by AVANT which expire at various dates starting in 2011 and going through 2028. NOLs of \$0.8 million were utilized in 2009 and \$12.1 million in NOLs expired in 2010;
- Following the merger of Celldex and AVANT, \$53.1 million was generated by the combined company which expire at various dates starting in 2028 and going through 2030; and
- Prior to its acquisition by Celldex, \$518.3 million was generated by CuraGen.

In general, an ownership change, as defined by Section 382 of the Internal Revenue Code, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50 percentage points over a three-year period. Such ownership changes can significantly limit the amount of NOL carryforwards that may be utilized in future periods. The

CELLEX THERAPEUTICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) INCOME TAXES (Continued)

Company currently expects that it is remote that the CuraGen loss carryforwards may be utilized and, as such, no related asset has been recorded for such losses. The Company has not completed an analysis of losses generated by AVANT, however, the Company believes it is remote that \$92.9 million of the AVANT loss carryforwards may be utilized in future periods and there may be substantial limitations on the Company's ability to use the remaining losses of \$39.4 million. Following the merger of Celldex and AVANT, the Company experienced changes in ownership as defined by Section 382 in June 2009 and December 2009. Further, prior to the merger of AVANT and Celldex, Celldex Research as a stand alone company experienced a change in ownership in October 2007. As a result of the ownership change in October 2007, utilization of the Celldex Research Federal NOLs is subject to an annual limitation of \$4.5 million on \$28.3 million of NOLs generated before that date. As a result of the company ownership changes in June 2009 and December 2009, there is an annual limitation amount of \$6.0 million on \$67.7 million NOLs. Any unused annual limitation may be carried over to later years, and the amount of the limitation may, under certain circumstances, be subject to adjustment if the fair value of the Company's net assets are determined to be below or in excess of the tax basis of such assets at the time of the ownership change, and such unrealized loss or gain is recognized during the five-year period after the ownership change.

Similar to the AVANT and CuraGen NOL carryforwards above, the Company believes that it is remote that federal and state research and development ("R&D") credits of \$20.6 million and \$14.4 million, respectively, will be utilized in the future periods. Further, the Company's ability to use the state NOL carryforwards of approximately \$69.0 million and the remaining federal and state R&D credit carryforwards of approximately \$12.6 million and \$8.1 million, respectively, may be substantially limited. These state NOLs and federal and state credits expire at various dates starting in 2011 going through 2030. The Company has not yet completed a study of these credits to substantiate the amounts. Until a study is completed, no amounts are being presented as an uncertain tax position.

Subsequent ownership changes, as defined in Section 382, could further limit the amount of net operating loss carryforwards and research and development credits that can be utilized annually to offset future taxable income.

As of December 31, 2010, the Company also has foreign NOL carryforwards of approximately \$35.3 million in the UK which expire over various periods. The Company is in the process of liquidating its foreign subsidiary which generated these losses. Upon liquidation, these foreign NOLs will be lost and, as such, no related asset has been recorded for such losses.

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 currently under examination by the Internal Revenue Service with respect to 2008. The Company is not currently under examination by any other 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 December 31, 2010 against the Company's net deferred tax assets.

CELLEX THERAPEUTICS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(16) COMMITMENTS AND CONTINGENCIES**

The Company has facility and equipment leases that expire at various dates through 2017. Certain of these facility leases contain renewal options, provisions that escalate the base rent payments and require the Company to pay common area maintenance costs ("CAM") during the lease term. The Company entered into a letter of credit facility with a national U.S. financial institution which is collateralized by a security deposit for the leased facility in Phillipsburg, New Jersey. The Company recorded restricted cash related to this security deposit of \$0.2 million to other assets in the consolidated balance sheets at December 31, 2010 and December 31, 2009.

Obligations for base rent and CAM costs under facility and other non-cancelable operating leases as of December 31, 2010 are approximately as follows (in thousands):

2011	\$	2,470
2012		2,698
2013		2,730
2014		2,773
2015		2,866
2016 and thereafter		4,134
Total minimum lease payments	\$	<u>17,671</u>

The Company's total rent and CAM expense for all facility leases was \$2.5 million, \$2.5 million and \$2.2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

(17) SEVERANCE ARRANGEMENTS

Dr. Ronald C. Newbold, former Senior Vice President, Business Development, resigned from his position effective March 1, 2009 pursuant to the provision of his employment agreement that deems a resignation within the year following a change of control (in this case, the AVANT Merger) as a termination resulting from a change of control. In accordance with Dr. Newbold's employment agreement, the Company recorded severance expense during the year ended December 31, 2009 of \$0.7 million including non-cash stock-based compensation expense related to the acceleration of vesting of options to purchase 107,485 shares of Company common stock as provided for under Dr. Newbold's employment agreement.

The Company and Dr. Una S. Ryan, former President and Chief Executive Officer of the Company, executed a separation agreement effective July 16, 2008 (the "Separation Agreement") setting forth such terms regarding Dr. Ryan's separation from the Company. Pursuant to the Separation Agreement, the Company recorded severance expense during the three months ended June 30, 2008 of \$1.4 million. The Separation Agreement also provided for the vesting of options to purchase 153,125 shares of Company common stock (of the options to purchase 612,500 shares of Company common stock which had been granted to Dr. Ryan on March 7, 2008). The remainder of Dr. Ryan's options terminated as of July 16, 2008. The Company recorded stock-based compensation expense of \$1.3 million related to the acceleration of vesting of options in July 2008, when the criteria for establishing a grant date were met.

CELLDEX THERAPEUTICS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(18) RETIREMENT SAVINGS PLAN**

The Company maintains a 401(k) Plan which is available to substantially all employees. Under the terms of the 401(k) Plan, participants may elect to contribute up to 15% of their compensation, or the statutory prescribed limits. The Company may make 50% matching contributions on up to 4% of a participant's annual salary. Benefit expense for the 401(k) Plan was \$0.2 million, \$0.1 million and \$0.1 million for the years ended December 31, 2010, 2009 and 2008, respectively.

(19) SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

2010	Q1 2010	Q2 2010	Q3 2010	Q4 2010
	(In thousands, except per share amounts)			
Total revenue	\$ 3,713	\$ 2,951	\$ 2,408	\$ 37,721
Net (loss) income	(6,582)	(9,525)	(9,087)	22,661
Basic net (loss) income per common share	(0.21)	(0.30)	(0.28)	0.71
Diluted net (loss) income per common share	(0.21)	(0.30)	(0.28)	0.70
2009	Q1 2009	Q2 2009	Q3 2009	Q4 2009
	(In thousands, except per share amounts)			
Total revenue	\$ 3,732	\$ 2,685	\$ 4,030	\$ 4,733
Net loss	(7,703)	(8,705)	(7,174)	(12,943)
Basic and diluted net loss per common share	(0.49)	(0.55)	(0.45)	(0.41)

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Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2010, 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 December 31, 2010. 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.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with the authorizations of management and directors; and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework provided in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2010.

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The effectiveness of our internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 will be included in the definitive Proxy Statement for our 2011 Annual Meeting of Stockholders, or the 2011 Proxy Statement, under "Information Regarding the Current Directors and Executive Officers of Celldex," "Section 16(a) Beneficial Ownership Reporting Compliance," "Code of Business Conduct and Ethics" and "The Board of Directors and Its Committees" and is incorporated herein by reference. If the 2011 Proxy Statement is not filed with the SEC within 120 days after the end of our most recent fiscal year, we will provide such information by means of an amendment to this Annual Report on Form 10-K.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item 11 will be included in the 2011 Proxy Statement under "Executive Compensation," and "Compensation Committee Interlocks and Insider Participation," and is incorporated herein by reference. If the 2011 Proxy Statement is not filed with the SEC within 120 days after the end of our most recent fiscal year, we will provide such information by means of an amendment to this Annual Report on Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 will be included in the 2011 Proxy Statement under "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" and is incorporated herein by reference. If the 2011 Proxy Statement is not filed with the SEC within 120 days after the end of our most recent fiscal year, we will provide such information by means of an amendment to this Annual Report on Form 10-K.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 will be included in the 2011 Proxy Statement under "Election of Directors" and "Approval of Related Person Transactions and Transactions with Related Persons" and is incorporated herein by reference. If the 2011 Proxy Statement is not filed with the SEC within 120 days after the end of our most recent fiscal year, we will provide such information by means of an amendment to this Annual Report on Form 10-K.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 will be included in the 2011 Proxy Statement under "Independent Registered Public Accounting Firm" and is incorporated herein by reference. If the 2011 Proxy Statement is not filed with the SEC within 120 days after the end of our most recent fiscal year, we will provide such information by means of an amendment to this Annual Report on Form 10-K.

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PART IV

**Item 15. EXHIBITS,
FINANCIAL STATEMENT SCHEDULES**

(A) The following documents are filed as part of this Form 10-K:

(1) *Financial Statements:*

The Financial Statements and Supplementary Data are included in Part II Item 8 of this report.

(2) *Financial Statement Schedules:*

Schedules are omitted since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements or Notes thereto.

(3) *Exhibits:*

No.	Description	Incorporated by Reference to		
		Form and SEC File No.	Exhibit No.	SEC Filing Date
<i>Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession</i>				
2.1	Agreement and Plan of Merger, dated as of October 19, 2007, by and among AVANT, Celldex Merger Corporation, and Celldex Therapeutics, Inc.	8-K (000-15006)	2.1	10/22/07
2.2	Agreement and Plan of Merger, dated as of May 28, 2009, by and among Celldex Therapeutics, Inc., CuraGen Corporation and Cottrell Merger Sub, Inc.	8-K (000-15006)	2.1	5/29/09
<i>Articles of Incorporation and By-Laws</i>				
3.1	Third Restated Certificate of Incorporation	S-4 (333-59215)	3.1	7/16/98
3.2	Certificate of Amendment of Third Restated Certificate of Incorporation	S-4 (333-59215)	3.1	7/16/98
3.3	Second Certificate of Amendment of Third Restated Certificate of Incorporation	S-4 (333-59215)	3.2	7/16/98
3.4	Third Certificate of Amendment of Third Restated Certificate of Incorporation	10-Q (000-15006)	3.1	5/10/02
3.5	Fourth Certificate of Amendment of Third Restated Certificate of Incorporation	8-K (000-15006)	3.1	3/11/08
3.6	Fifth Certificate of Amendment of Third Restated Certificate of Incorporation	8-K (000-15006)	3.2	3/11/08
3.7	Amended and Restated By-Laws as of March 14, 2007	10-K (000-15006)	3.5	3/18/08
<i>Instruments Defining the Rights of Security Holders</i>				
4.1	Specimen of Common Stock Certificate	S-3 (000-15006)	4.17	4/5/10
4.2	Shareholder Rights Agreement dated November 5, 2004	8-A (000-15006)	4.1	11/8/04
4.3	Amendment No. 1 to Shareholder Rights Agreement dated October 19, 2007	8-A/A (000-15006)	10.1	10/22/07

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No.	Description	Incorporated by Reference to		
		Form and SEC File No.	Exhibit No.	SEC Filing Date
4.4	Amendment No. 2 to Shareholder Rights Agreement dated March 7, 2008	8-A/A (000-15006)	10.1	3/7/08
4.5	Certificate of Designations, Preferences and Rights of a Series of Preferred Stock classifying and designating the Series C-1 Junior Participating Cumulative Preferred Stock	8-A (000-15006)	3.1	11/8/04
4.6	Indenture, dated February 17, 2004 between CuraGen and Trustee	10-K (000-15006)	4.5	3/12/10
4.7	Supplemental Indenture, dated September 30, 2009, by and among Celldex, CuraGen, Merger Sub, and Trustee.	8-K (000-15006)	4.1	10/2/09
4.8	Second Supplemental Indenture, dated December 31, 2009, by and among Celldex, CuraGen, and Trustee.	8-K (000-15006)	4.1	12/31/09
<i>Material Contracts—Leases</i>				
10.1	Commercial Lease Agreement of May 1, 1996 between the Company and Fourth Avenue Ventures Limited Partnership	10-Q/A (000-15006)	10.11	8/23/96
10.2	Extension of Lease Agreement of May 1, 1997 between the Company and DIV Needham 53 LLC (successor in interest to Fourth Avenue Ventures Limited Partnership) dated as of August 23, 2001	10-K (000-15006)	10.9	3/27/02
10.3	First Amendment to Lease by and between the Company and DIV Needham 53 LLC dated November 29, 2005	10-K (000-15006)	10.40	3/16/06
*10.4	Lease Agreement, by and between the Company and the Massachusetts Development Finance Agency, dated as of December 22, 2003	10-Q (000-15006)	10.1	4/30/04
10.5	First Amendment to Lease between Massachusetts Development Finance Agency and the Company dated March 17, 2005	10-K/A (000-15006)	10.6	12/23/10
10.6	Second Amendment to Lease by and between the Company and the Massachusetts Development Finance Agency dated as of November 4, 2005	10-K (000-15006)	10.41	3/16/06
10.7	Third Amendment to Lease between Massachusetts Development Finance Agency and the Company dated December 20, 2006	10-K/A (000-15006)	10.7	12/23/10
10.8	Fifth Amendment to Lease between Massachusetts Development Finance Agency and the Company dated October 3, 2008	10-K/A (000-15006)	10.8	12/23/10
10.9	Sixth Amendment to Lease between Massachusetts Development Finance Agency and the Company dated August 20, 2009	10-K/A (000-15006)	10.9	12/23/10

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No.	Description	Incorporated by Reference to		
		Form and SEC File No.	Exhibit No.	SEC Filing Date
10.10	Seventh Amendment to Lease by and between the Company and the Massachusetts Development Finance Agency dated as of June 22, 2010	10-Q (000-15006)	10.1	8/5/10
10.11	Lease Agreement dated as of October 21, 2005 by and between Phillipsburg Associates, L.P. and the Company.	S-4 (333-148291)	10.10	1/18/08
10.12	First Amendment to Lease between Phillipsburg Associates, L.P. and the Company dated October 11, 2010	10-Q/A (000-15006)	10.1	12/23/10
10.13	Subordination, Non-Disturbance and Attornment Agreement between Bank of America and the Company dated October 11, 2010	10-Q/A (000-15006)	10.2	12/23/10
<i>Material Contracts—License, Collaboration, Supply and Distribution Agreements</i>				
*10.14	License and Royalty Agreement by and between Pfizer Inc and the Company dated as of December 1, 2000	10-K (000-15006)	10.13	3/27/01
*10.15	Amendment to License and Royalty Agreement by and between Pfizer Inc and the Company dated as of December 1, 2000	10-K (000-15006)	10.14	3/27/01
*10.16	Collaborative Research and Development Agreement by and between Pfizer Inc. and the Company dated as of December 1, 2000	10-K (000-15006)	10.15	3/27/01
*10.17	License Agreement between the Company and SmithKline Beecham PLC dated as of December 1, 1997	10-K (000-15006)	10.20	3/28/00
10.18	Amendment Agreement, dated January 9, 2003, between the Company and SmithKline Beecham PLC	10-K/A (000-15006)	10.21	9/12/03
10.19	License Agreement, dated as of January 31, 2003, by and between the Company and Elan Drug Delivery Limited	10-K/A (000-15006)	10.22	9/12/03
10.20	License and Clinical Trials Agreement, effective as of February 27, 1995, between the Company and the James N. Gamble Institute of Medical Research	10-K/A (000-15006)	10.23	9/12/03
10.21	Amendment Agreement between Cincinnati Children's Hospital Medical Center and the Company dated November 17, 2003	10-K/A (000-15006)	10.10	12/23/10
10.22	License Agreement, dated as of November 25, 1988, by and among The Johns Hopkins University, Brigham and Women's Hospital and the Company	10-K/A (000-15006)	10.28	9/12/03
10.23	Purchase Agreement, dated as of May 16, 2005, by and between the Company and PRF Vaccine Holdings LLC	8-K (000-15006)	10.1	5/18/05
10.24	Amendment Agreement to Purchase Agreement between the Company and PRF Vaccine Holdings LLC, dated as of March 14, 2006	8-K (000-15006)	10.1	3/15/06

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No.	Description	Incorporated by Reference to		
		Form and SEC File No.	Exhibit No.	SEC Filing Date
*10.25	Exclusive License Agreement dated February 1, 2003 by and between Thomas Jefferson University ("TJU") and the Company	S-4 (333-148291)	10.1	1/18/08
*10.26	Amendment to License Agreement between Thomas Jefferson University and the Company dated March 27, 2008	10-K/A (000-15006)	10.12	12/23/10
*10.27	License Agreement dated as of November 1, 2005 by and between The Rockefeller University and the Company	S-4 (333-148291)	10.2	1/18/08
*10.28	License Agreement dated September 1, 2006 by and between Duke University and the Company	S-4 (333-148291)	10.3	1/18/08
10.29	Amendment to License Agreement between Duke University and the Company dated April 2, 2008	10-K/A (000-15006)	10.5	12/23/10
*10.30	License Agreement between Duke University, The Johns Hopkins University and the Company dated December 31, 2003	10-K/A (000-15006)	10.11	12/23/10
*10.31	Amendment to License Agreement between Duke University, The Johns Hopkins University and the Company dated April 2, 2008	10-K/A (000-15006)	10.13	12/23/10
*10.32	Assignment and License Agreement, as amended, dated April 6, 2004 by and among Medarex, Inc., GenPharm International, Inc. and the Company	S-4 (333-148291)	10.4	1/18/08
*10.33	Research and Commercialization Agreement, as amended, dated as of April 6, 2004 by and among Medarex, Inc., GenPharm International, Inc. and the Company	S-4 (333-148291)	10.5	1/18/08
*10.34	Supply Agreement dated August 18, 2006 by and between the Company and Biosyn	S-4 (333-148291)	10.9	1/18/08
10.35	License and Development Agreement dated as of April 16, 2008 between the Company and Pfizer Vaccines, LLC	10-Q (000-15006)	10.1	5/19/08
*10.36	Research Collaboration and Commercialization Agreement effective October 20, 2006 between the Company and the Ludwig Institute for Cancer Research	10-K (000-15006)	10.45	3/2/09
*10.37	Vaccine Adjuvant License and Collaboration Agreement dated on May 30, 2008 between the Company and 3M Innovation Properties Company	10-K (000-15006)	10.46	3/2/09
*10.38	Exclusive Patent and Know-How License Agreement dated as of November 5, 2008 between the Company and the University of Southampton	10-K (000-15006)	10.47	3/2/09
*10.39	License and Assignment Agreement, between Amgen Inc. and the Company dated March 16, 2009	10-K/A (000-15006)	10.1	12/23/10

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No.	Description	Incorporated by Reference to		
		Form and SEC File No.	Exhibit No.	SEC Filing Date
*10.40	Collaboration Agreement dated June 18, 2004 between Seattle Genetics and CuraGen	10-K (000-15006)	10.27	3/12/10
*10.41	Second Restated Collaboration Agreement dated April 12, 2004 and amended October 19, 2004 between Abgenix Inc. and CuraGen	10-K (000-15006)	10.28	3/12/10
10.42	Amgen Letter Agreement, by and between CuraGen and Amgen Fremont, Inc. dated May 2, 2009	10-K (000-15006)	10.29	3/12/10
*10.43	Transfer and Termination Agreement, dated as of April 21, 2008 by and between TopoTarget A/S and CuraGen	10-K (000-15006)	10.30	3/12/10
*10.44	License Agreement between Medarex and Company dated September 17, 2010	10-Q/A (000-15006)	10.3	12/23/10
<i>Material Contracts—Stock Purchase, Financing and Credit Agreements</i>				
*10.45	Security Agreement, by and between the Company and the Massachusetts Development Finance Agency, dated as of December 22, 2003	10-Q (000-15006)	10.2	4/30/04
*10.46	Secured Promissory Note: Equipment Loan, by and between the Company and the Massachusetts Development Finance Agency, dated as of December 22, 2003	10-Q (000-15006)	10.3	4/30/04
10.47	Amendment to Loan Documents, between the Company and Massachusetts Development Finance Agency dated January 1, 2009	10-K/A (000-15006)	10.2	12/23/10
10.48	Allonge to Promissory Note, between the Company and Massachusetts Development Finance Agency dated January 1, 2009	10-K/A (000-15006)	10.3	12/23/10
10.49	Amendment to Security Agreement, between the Company and Massachusetts Development Finance Agency dated January 1, 2009	10-K/A (000-15006)	10.4	12/23/10
*10.50	Common Stock Purchase Agreement dated as of April 16, 2008 between the Company and Pfizer Vaccines, LLC	10-Q (000-15006)	10.2	8/11/08
10.51	Loan and Security Agreement, dated as of December 30, 2010, by and among Celldex Therapeutics, Inc., Celldex Research Corporation and MidCap Financial, LLC.	8-K (000-15006)	10.1.1	1/6/11
10.52	Promissory Note issued by Celldex Therapeutics, Inc. and Celldex Research Corporation to MidCap Financial, LLC.	8-K (000-15006)	10.1.2	1/6/11
10.53	Joinder and First Loan Modification Agreement, dated as of March 7, 2011, by and among Celldex Therapeutics, Inc., Celldex Research Corporation, MidCap Funding V, LLC and General Electric Capital Corporation.	Filed herewith		

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No.	Description	Incorporated by Reference to		
		Form and SEC File No.	Exhibit No.	SEC Filing Date
10.54	Promissory Note issued by Celldex Therapeutics, Inc. and Celldex Research Corporation to General Electric Capital Corporation.	Filed herewith		
10.55	Sales Agreement, dated January 6, 2011, between Celldex Therapeutics, Inc. and Cantor Fitzgerald & Co.	8-K (000-15006)	10.1.3	1/6/11
<i>Material Contracts—Management Contracts and Compensatory Plans</i>				
†10.56	2008 Stock Option and Incentive Plan, as amended and restated	10-K (000-15006)	10.34	3/12/10
†10.57	2004 Employee Stock Purchase Plan, as amended and restated	10-K (000-15006)	10.35	3/12/10
†10.58	Employment Agreement, dated January 6, 2009, by and between the Company and Avery W. Catlin	8-K (000-15006)	10.1	1/8/09
†10.59	Employment Agreement, dated January 6, 2009, by and between the Company and Thomas Davis, MD	8-K (000-15006)	10.2	1/8/09
†10.60	Employment Agreement, dated January 6, 2009, by and between the Company and Tibor Keler, Ph.D.	8-K (000-15006)	10.3	1/8/09
†10.61	Amended and Restated Employment Agreement, dated January 6, 2009, by and between the Company and Anthony S. Marucci.	8-K (000-15006)	10.4	1/8/09
†10.62	Form of Stock Option Agreement	8-K (000-15006)	10.1	1/25/10
†10.63	CuraGen 2007 Stock Incentive Plan, amended and restated	10-K (000-15006)	10.41	3/12/10
†10.64	Form of Restricted Stock Award	10-K (000-15006)	10.42	3/12/10
21.0	List of Subsidiaries	Filed herewith		
23.1	Consent of PricewaterhouseCoopers LLP Independent Registered Public Accounting Firm of Celldex Therapeutics, Inc. (formerly known as AVANT Immunotherapeutics, Inc.)	Filed herewith		
31.1	Certification of President and Chief Executive Officer	Filed herewith		
31.2	Certification of Senior Vice President and Chief Financial Officer	Filed herewith		
32	Section 1350 Certifications	Furnished herewith		

* Confidential treatment has been requested for certain provisions of this Exhibit pursuant to Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

† Indicates a management contract or compensation plan, contract or arrangement.

JOINDER AND FIRST LOAN MODIFICATION AGREEMENT

This Joinder and First Loan Modification Agreement (this "**Loan Modification Agreement**") is entered into as of March 7, 2011 by and among (i) **MIDCAP FUNDING V, LLC**, a Delaware limited liability company (as assignee of **MIDCAP FINANCIAL, LLC**, a Delaware limited liability company), with an office located at 7735 Old Georgetown Road, Suite 400, Bethesda, Maryland 20814 ("**MidCap**"), as collateral agent ("**Agent**"); (ii) MidCap as a "Lender" (iii) **GENERAL ELECTRIC CAPITAL CORPORATION** ("**GECC**"), as a "Lender" (MidCap and GECC in their capacities as a "Lender" are each referred to herein as a "**Lender**", and are collectively referred to herein as the "**Lenders**"); (iv) **CELLEX THERAPEUTICS, INC.**, a Delaware corporation ("**Celldex**"); and (v) **CELLEX RESEARCH CORPORATION**, a Delaware corporation ("**Celldex Research**" Celldex and Celldex Research are referred to herein individually and collectively, jointly and severally, as "**Borrower**").

1. **DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS.** Borrower is indebted to MidCap pursuant to a loan arrangement dated as of December 30, 2010, evidenced by, among other documents, a certain Loan and Security Agreement dated as of December 30, 2010, among Borrower, Agent and MidCap as a "Lender" (as amended hereby and as it may be further amended, restated or otherwise modified from time to time, the "**Loan Agreement**"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement. GECC desires to join the Loan Agreement as a "Lender" thereunder pursuant to the terms of this Loan Modification Agreement.
 2. **DESCRIPTION OF COLLATERAL.** Repayment of the Obligations is secured by the Collateral as described in the Loan Agreement (together with any other document pursuant to which collateral security is granted to Agent for the ratable benefit of the Lenders, the "**Security Documents**"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "**Existing Loan Documents**".
 3. **JOINDER.** Effective as of the date of this Loan Modification Agreement, GECC hereby: (i) joins in the execution of, and becomes a party to, the Loan Agreement and the other Loan Documents as a "Lender" thereunder; (ii) covenants and agrees to be bound by all covenants, agreements, obligations, liabilities and acknowledgments of a "Lender" under the Loan Agreement and the other Loan Documents (other than covenants, agreements, liabilities and acknowledgments that relate solely to a date prior to the date of this Loan Modification Agreement), including GECC's Term B Commitment (as set forth on Schedule 1.1 to the Loan Agreement as amended by this Loan Modification Agreement), in each case, with the same force and effect as if GECC was a signatory to the Loan Agreement and the other Loan Documents and was expressly named as a "Lender" therein, and (iii) appoints and authorizes Agent to take such actions as agent on its behalf and to exercise such powers under the Loan Agreement and the other Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto. Borrower, Agent and each other Lender hereby acknowledges and agrees that GECC, pursuant to this Loan Modification Agreement shall be entitled to all of the rights and benefits of a Lender under the Loan Agreement and the other Loan Documents.
 4. **GECC ACKNOWLEDGMENTS.** GECC (i) confirms that it has received a copy of the Existing Loan Documents, together with copies of the financial information delivered by Borrower pursuant to Section 6. 2 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Loan Modification Agreement; and (ii) agrees that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in respect of Borrower, any Guarantor, the Collateral, the Loan Agreement and the other Loan Documents. GECC further acknowledges and agrees that Agent and the other Lenders: (x) make no representations or warranties and assume no responsibility with respect to any statements, warranties or representations made in, or in connection with, the Loan Agreement or any other Loan Document or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other Loan Document, any other instrument or
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document furnished pursuant thereto or any Collateral; and (y) make no representation or warranty and assume no responsibility with respect to the financial condition of Borrower or any Guarantor or the performance or observance by Borrower or any Guarantor of any of their respective obligations under the Loan Agreement and the other Loan Documents or any other instrument or document furnished pursuant thereto.

5. DESCRIPTION OF CHANGE IN TERMS.

Modifications to Loan Agreement.

1. The Loan Agreement shall be amended by deleting the following text appearing as Sections 2.1 thereof:

"Borrower hereby unconditionally promises to pay to Agent, for payment to each Lender in accordance with its respective Pro Rata Share, the outstanding principal amount of all Credit Extensions made by the Lenders and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement."

and inserting in lieu thereof the following:

"Borrower hereby unconditionally promises to pay to each Lender in accordance with its respective Pro Rata Share, the outstanding principal amount of all Credit Extensions made by the Lenders and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement."

2. The Loan Agreement shall be amended by deleting the following text appearing as Sections 2.2(a) and 2.2(b) thereof:

"Term Loans.

(a) Availability. Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, to make term loans to Celldex, as agent for Borrower, in one advance on the Funding Date in accordance with a notice delivered pursuant to Section 3.4, below, in the aggregate amount of Ten Million Dollars (\$10,000,000.00) according to each Lender's Term Loan Commitment as set forth on Schedule 1.1 hereto (each term loan is referred to herein individually as a "**Term Loan**" and the term loans are referred to herein collectively as the "**Term Loans**"). After repayment, no Term Loan may be re-borrowed.

(b) Interest Payments and Repayment. Commencing on the first (1st) Payment Date following the Funding Date, and continuing on the Payment Date of each successive month thereafter through and including the Maturity Date, Borrower shall make monthly payments of interest in respect of the Term Loans to each Lender in accordance with its respective Pro Rata Share, in arrears, and calculated as set forth in Section 2.3. Commencing on the Amortization Date, and continuing on the Payment Date of each successive month thereafter through and including the Maturity Date, Borrower shall make consecutive monthly payments of principal to each Lender in accordance with its respective Pro Rata Share, as calculated by Agent based upon: (1) the amount of such Lender's Term Loans and (2) a straight-line principal amortization schedule ending on the Maturity Date. All unpaid principal and

accrued interest with respect to the Term Loans is due and payable in full on the Maturity Date. The Term Loans may be prepaid only in accordance with Sections 2.2(c) and 2.2(d).

and inserting in lieu thereof the following:

"Term Loans.

(a) Availability. Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, to make term loans to Celldex, as agent for Borrower, in two advances as follows: (i) on the Effective Date, in accordance with a notice delivered pursuant to Section 3.4, below, the Lenders agree, severally and not jointly, to make term loans to Celldex in the aggregate amount of Ten Million Dollars (\$10,000,000.00) according to each Lender's Term A Loan Commitment as set forth on Schedule 1.1 hereto (each term loan identified in this clause (i) is referred to herein individually as a "**Term A Loan**" and the term loans identified in this clause (i) are referred to herein collectively as the "**Term A Loans**") and (ii) on the First Amendment Effective Date, in accordance with a notice delivered pursuant to Section 3.4, below, the Lenders agree, severally and not jointly, to make term loans to Celldex in the aggregate amount of Five Million Dollars (\$5,000,000.00) according to each Lender's Term B Loan Commitment as set forth on Schedule 1.1 hereto (each term loan identified in this clause (ii) is referred to herein individually as a "**Term B Loan**" and the term loans identified in this clause (ii) are referred to herein collectively as the "**Term B Loans**" the Term A Loans and the Term B Loans are each referred to herein individually as a "**Term Loan**" and collectively as the "**Term Loans**"). After repayment, no Term Loan may be re-borrowed.

(b) Interest Payments and Repayment. Commencing on the first (1st) Payment Date following the applicable Funding Date of each Term Loan, and continuing on the Payment Date of each successive month thereafter through and including the Maturity Date, Borrower shall make monthly payments of interest in respect of each Term Loan to each Lender in accordance with its respective Pro Rata Share, in arrears, and calculated as set forth in Section 2.3. Commencing on the Amortization Date, and continuing on the Payment Date of each successive month thereafter through and including the Maturity Date, Borrower shall make consecutive monthly payments of principal to each Lender in accordance with its respective Pro Rata Share, as calculated by Agent based upon: (1) the amount of such Lender's Term Loans and (2) a straight-line principal amortization schedule ending on the Maturity Date. All unpaid principal and accrued interest with respect to the Term Loans is due and payable in full on the Maturity Date. The Term Loans may be prepaid only in accordance with Sections 2.2(c) and 2.2(d).

3. The Loan Agreement shall be amended by deleting the following text appearing as Section 2.4(a) thereof:

"(a) Origination Fee. A non-refundable origination fee to be shared among the Lenders pursuant to their respective Commitment Percentages in an amount equal to one-half of one percent (0.50%) of

the aggregate Term Loan Commitments of the Lenders, which origination fee shall be due and payable on the Funding Date;"

and inserting in lieu thereof the following:

"(a) Origination Fees. (i) A non-refundable origination fee to be shared among the Lenders pursuant to their respective Term A Loan Commitment Percentages in an amount equal to one-half of one percent (0.50%) of the aggregate Term A Loan Commitments of the Lenders, which origination fee shall be due and payable on the Funding Date of the Term A Loans and (ii) a non-refundable origination fee to be shared among the Lenders pursuant to their respective Term B Loan Commitment Percentages in an amount equal to one-half of one percent (0.50%) of the aggregate Term B Loan Commitments of the Lenders, which origination fee shall be due and payable on the Funding Date of the Term B Loans;"

4. The Loan Agreement shall be amended by deleting the following text appearing as Section 2.5 thereof:

"Additional Costs. If any new Law or regulation increases a Lender's costs or reduces its income for any Term Loan, Borrower shall pay the increase in cost or reduction in income or additional expense; provided, however, that Borrower shall not be liable for any amount attributable to any period before one hundred eighty (180) days prior to the date such Lender notifies Borrower of such increased costs. Each Lender agrees that it shall allocate any increased costs among its customers similarly affected in good faith and in a manner consistent with such Lender's customary practice."

and inserting in lieu thereof the following:

"Additional Costs. If any new Law or regulation increases a Lender's costs or reduces its income for any Term Loan, Borrower shall pay the increase in cost or reduction in income or additional expense; provided, however, that Borrower shall not be liable for any amount attributable to any period before one hundred eighty (180) days prior to the date such Lender notifies Borrower of such increased costs; provided, however that, such one hundred eighty (180) day limitation shall not apply to any increased costs or reductions in the amounts received by Agent or any Lender arising from the Dodd-Frank Wall Street Reform and Consumer Protection Act or any and all requests, rules, guidelines or directives thereunder or issued in connection therewith, and such Act and any such requests, rules, guidelines or directives shall be deemed to be a new Law, regardless of the date enacted, adopted or issued. Each Lender agrees that it shall allocate any increased costs among its customers similarly affected in good faith and in a manner consistent with such Lender's customary practice."

5. The Loan Agreement shall be amended by deleting the following text appearing as Section 5.10(b) thereof:

"(b) Without limiting the generality of Section 5.6 above, with respect to any Product being tested or manufactured by Borrower as of the date hereof, Borrower has received, and such Product is the subject of, all Required Permits needed in connection with the testing or

manufacture of such Product as such testing is currently being conducted by or on behalf of Borrower, and except for an ongoing compliance process being undertaken in furtherance of a request from the Connecticut Department of Environmental Protection which will not result in costs, expenses or other obligations on the part of Borrower in excess of \$100,000, Borrower has not received any notice from any applicable Governmental Authority, specifically including the FDA, that such Governmental Authority is conducting an investigation or review of (A) Borrower's manufacturing facilities and processes for such Product which have disclosed any material deficiencies or violations of Laws and/or the Required Permits related to the manufacture of such Product, or (B) any such Required Permit or that any such Required Permit has been revoked or withdrawn, nor has any such Governmental Authority issued any order or recommendation stating that the manufacturing of such Product by Borrower should cease."

and inserting in lieu thereof the following:

"(b) Without limiting the generality of Section 5.6 above, with respect to any Product being tested or manufactured by Borrower as of the date hereof, Borrower has received, and such Product is the subject of, all Required Permits needed in connection with the testing or manufacture of such Product as such testing is currently being conducted by or on behalf of Borrower, and except for an ongoing compliance process being undertaken in furtherance of a request from the Connecticut Department of Environmental Protection which will not result in costs, expenses or other obligations on the part of Borrower in excess of \$100,000, Borrower has not received any notice from any applicable Governmental Authority, specifically including the FDA, that such Governmental Authority is conducting an investigation or review of (A) Borrower's manufacturing facilities and processes or Borrower's testing activities for such Product which have disclosed any material deficiencies or violations of Laws and/or the Required Permits related to the manufacture or testing of such Product, or (B) any such Required Permit or that any such Required Permit has been revoked or withdrawn, nor has any such Governmental Authority issued any order or recommendation stating that the manufacturing or testing (other than a Contested Clinical Hold) of such Product by Borrower should cease."

6. The Loan Agreement shall be amended by (i) deleting the word "Agent" in the first line of Section 6.2(a) and replacing such word with the words "Agent and Lenders" and (ii) deleting the word "Agent" in the last line of Section 6.2(a) and replacing such word with the words "Agent and/or Lenders".
7. The Loan Agreement shall be amended by deleting the clause ", at the option of Agent," in the fifteenth line of Section 6.5.
8. The Loan Agreement shall be amended by deleting the defined term "Funding Date" in the last line of Section 6.6 and replacing such defined term with the defined term "Effective Date".
9. The Loan Agreement shall be amended by deleting the defined term "Funding Date" in the fifth line of Section 6.7 and replacing such defined term with the defined term "Effective Date".

10. The Loan Agreement shall be amended by deleting the following text appearing as Section 6.8 thereof:

"Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Agent, without expense to Agent, Borrower and its officers, employees and agents and Borrower's Books, to the extent that Agent may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Agent with respect to any Collateral or relating to Borrower."

and inserting in lieu thereof the following:

"Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Agent and Lenders, without expense to Agent or Lenders, Borrower and its officers, employees and agents and Borrower's Books, to the extent that Agent may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Agent and/or Lender with respect to any Collateral or relating to Borrower."

11. The Loan Agreement shall be amended by deleting the following text appearing as Section 8.12 thereof:

"Except as permitted by Agent, any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien on all of the Collateral purported to be secured thereby, subject to no prior or equal Lien."

and inserting in lieu thereof the following:

"Except as permitted by Required Lenders, any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien on all of the Collateral purported to be secured thereby, subject to no prior or equal Lien."

12. The Loan Agreement shall be amended by deleting the following text appearing as Section 9.4 thereof:

"Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (a) Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Agent from or on behalf of Borrower of all or any part of the Obligations, and, as between Borrower on the one hand and Agent and the Lenders on the other, Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Agent may deem advisable notwithstanding any previous application by Agent, and (b) the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: first, to Lenders Expenses; second, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); third, to the principal amount of the Obligations outstanding; and fourth, to any other indebtedness or obligations of Borrower owing to Agent or any Lender under the Loan Documents. Any balance

remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation "ratably," "proportionally" or in similar terms shall refer to Pro Rata Share unless expressly provided otherwise. Agent, or if applicable, each Lender, shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender's portion of any Term Loan and the ratable distribution of interest, fees and reimbursements paid or made by Borrower. Notwithstanding the foregoing, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; provided, however, if it is later determined that a Lender received more than its ratable share of scheduled payments made on any date or dates, then such Lender shall remit to Agent or other Lenders such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Agent. Any payment or distribution of any kind or character, whether in cash, properties or securities, shall be received by a Lender in excess of its ratable share, then the portion of such payment or distribution in excess of such Lender's ratable share shall be received by such Lender in trust for and shall be promptly paid over to the other Lender for application to the payments of amounts due on the other Lender's claims. To the extent any payment for the account of Borrower is required to be returned as a voidable transfer or otherwise, the Lenders shall contribute to one another as is necessary to ensure that such return of payment is on a pro rata basis. If any Lender shall obtain possession of any Collateral, it shall hold such Collateral for itself and as agent and bailee for Agent and other Lenders for purposes of perfecting Agent's security interest therein. Notwithstanding anything to the contrary herein, any warrants issued to the Lenders by Borrower, the stock issuable thereunder, any equity securities purchased by Lenders, any amounts paid thereunder, any dividends, and any other rights in connection therewith shall not be subject to the terms and conditions of this Agreement. Nothing herein shall affect any Lender's rights under any such warrants, stock, or other equity securities to administer, manage, transfer, assign, or exercise such warrants, stock, or other equity securities for its own account."

and inserting in lieu thereof the following:

"Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Agent or Lenders from or on behalf of Borrower of all or any part of the Obligations and the proceeds of any sale of, or other realization upon all or any part of the Collateral and other payments received by Agent shall be applied as follows: first, to pay all fees, costs, indemnities, reimbursements and expenses then due to Agent under the Loan Documents in its capacity as Agent under the Loan Documents until paid in full in cash; second to Lenders Expenses; third, to accrued and

unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts) until paid in full in cash; fourth, to the principal amount of the Obligations outstanding until paid in full in cash; and fifth, to any other indebtedness or obligations of Borrower owing to Agent or any Lender under the Loan Documents until paid in full in cash. Any balance remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation "ratably," "proportionally" or in similar terms shall refer to Pro Rata Share unless expressly provided otherwise. Agent, or if applicable, each Lender, shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender's portion of any Term Loan and the ratable distribution of interest, fees and reimbursements paid or made by Borrower. Notwithstanding the foregoing, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; provided, however, if it is later determined that a Lender received more than its ratable share of scheduled payments made on any date or dates, then such Lender shall remit to Agent or other Lenders such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Agent. Any payment or distribution of any kind or character, whether in cash, properties or securities, shall be received by a Lender in excess of its ratable share, then the portion of such payment or distribution in excess of such Lender's ratable share shall be received by such Lender in trust for and shall be promptly paid over to the other Lender for application to the payments of amounts due on the other Lender's claims. To the extent any payment for the account of Borrower is required to be returned as a voidable transfer or otherwise, the Lenders shall contribute to one another as is necessary to ensure that such return of payment is on a pro rata basis. If any Lender shall obtain possession of any Collateral, it shall hold such Collateral for itself and as agent and bailee for Agent and other Lenders for purposes of perfecting Agent's security interest therein. Notwithstanding anything to the contrary herein, any warrants issued to the Lenders by Borrower, the stock issuable thereunder, any equity securities purchased by Lenders, any amounts paid thereunder, any dividends, and any other rights in connection therewith shall not be subject to the terms and conditions of this Agreement. Nothing herein shall affect any Lender's rights under any such warrants, stock, or other equity securities to administer, manage, transfer, assign, or exercise such warrants, stock, or other equity securities for its own account. Borrower shall remain fully liable for any deficiency remaining after application of the funds set forth in this Section 9.4."

13. The Loan Agreement shall be amended by deleting following text that appears in Section 10 thereof:

"If to Agent or Lenders: MidCap Financial, LLC

7735 Old Georgetown Road, Suite 400
Bethesda, Maryland 20814
Attention: Portfolio Management- Life Sciences

with a copy to:

Riemer & Braunstein LLP
Three Center Plaza
Boston, Massachusetts 02108
Attention: John J. Malloy, Esquire"

and inserting in lieu thereof the following:

"If to Agent:

MidCap Financial, LLC
7735 Old Georgetown Road, Suite 400
Bethesda, Maryland 20814
Attention: Portfolio Management- Life Sciences

with a copy to:

Riemer & Braunstein LLP
Three Center Plaza
Boston, Massachusetts 02108
Attention: John J. Malloy, Esquire

If to Lenders:

MidCap Financial, LLC
7735 Old Georgetown Road, Suite 400
Bethesda, Maryland 20814
Attention: Portfolio Management- Life Sciences

with a copy to:

General Electric Capital Corporation
c/o GE Healthcare Financial Services, Inc.
Two Bethesda Metro Center, Suite 600
Bethesda, Maryland 20814
Attention: Senior Vice President of Risk — Life Science
Finance

with a copy to:

General Electric Capital Corporation
c/o GE Healthcare Financial Services, Inc.
Two Bethesda Metro Center, Suite 600
Bethesda, Maryland 20814
Attention: General Counsel

with a copy to:

Riemer & Braunstein LLP
Three Center Plaza
Boston, Massachusetts 02108
Attention: John J. Malloy, Esquire

14. The Loan Agreement shall be amended by deleting following sentence that appears as the third and fourth sentences of Section 12.1 thereof:

"Any Lender may at any time assign to one or more Eligible Assignees all or any portion of such Lender's Loan, together with all related obligations of such Lender hereunder. Borrower and Agent shall be entitled to continue to deal solely and directly with such Lender in

connection with the interests so assigned until Agent shall have received and accepted an effective assignment agreement in form and substance acceptable to Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee or Approved Lender as Agent reasonably shall require."

and inserting in lieu thereof the following:

"Any Lender may at any time assign to (i) one or more Eligible Assignees or (ii) any other Person with the consent of all Lenders (which consent shall not be unreasonably withheld conditioned or delayed), all or any portion of such Lender's Loan, together with all related obligations of such Lender. Borrower and Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned until Agent shall have received and accepted an effective assignment agreement in form and substance acceptable to Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee or Approved Lender as Agent reasonably shall require. Upon receipt of such assignment agreement and other information, Agent shall give notice of the assignment to Borrower and the Lenders."

15. The Loan Agreement shall be amended by deleting following sentence that appears as the last sentence of Section 12.11(a)(iii) thereof:

"It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the preceding sentence."

and inserting in lieu thereof the following:

"It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G), (H) and (I) of the preceding sentence."

16. The Loan Agreement shall be amended by (i) adding the clause "that accepts such assignment" immediately following the word "Lender" in the second line of Section 13.9 and (ii) deleting the clause "50% or more of its Loan" and replacing it with the clause ", in a single transaction, 100% of its Loan".
17. The Loan Agreement shall be amended by adding the following as a new Section 13.13 immediately following Section 13.12 thereof:

"Section 13.13. No Third Party Beneficiary. The provisions of this Section 13 are solely for the benefit of Agent and Lenders and none of Borrowers, their Affiliates, nor any other person shall have any rights as a third party beneficiary of any of the provisions hereof."

18. The Loan Agreement shall be amended by deleting each of the following definitions appearing in Section 14.1 thereof:

""**Drug Application**" means a new drug application, an abbreviated drug application, or a product license application for any Product, as appropriate, as those terms are defined in the FDCA."

""**Eligible Assignee**" means (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund and (iv) any other Person (other than a natural person) approved by Agent; provided, that notwithstanding the foregoing, "**Eligible Assignee**" shall not include Borrower, any Guarantor or any of Borrower's or any Guarantor's Affiliates or Subsidiaries. Notwithstanding the foregoing, in connection with assignments by a Lender due to a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party becoming an assignee incident to such forced divestiture."

""**Final Payment**" is a payment (in addition to and not in substitution for the regular monthly payments of principal plus accrued interest) due on the earlier to occur of (a) the Maturity Date, or (b) the acceleration of any Term Loan, or (c) the prepayment of a Term Loan pursuant to Section 2.2(c) or (d), equal to the original Term Loan Commitments multiplied by the Final Payment Percentage."

""**Funding Date**"" is the Effective Date, which date shall be a Business Day."

""**Maturity Date**"" is the third anniversary of the Funding Date."

""**Permits**"" means licenses, certificates, accreditations, product clearances or approvals, provider numbers or provider authorizations, marketing authorizations, other authorizations, registrations, permits, consents and approvals required in connection with the conduct of Borrower's or any Subsidiary's business or to comply with any applicable Laws, including, without limitation, drug listings and drug establishment registrations under 21 U.S.C. Section 510, registrations issued by DEA under 21 U.S.C. Section 823 (if applicable to any Product), and those issued by State governments for the conduct of Borrower's or any Subsidiary's business."

""**Permitted Acquisition**"" means an acquisition by Borrower of capital stock or property of any Person which results in such stock or property being owned by Borrower following the closing of such transaction, provided that: (a) Borrower has provided the Lenders with no less than thirty (30) days notice prior to the closing of such transaction, including without limitation, a summary description of the Person or assets being acquired by Borrower, the total consideration for the transaction (broken out into line items for cash and other property), the form of the transaction (asset purchase, stock purchase or otherwise) and any other information reasonably requested by the Lenders; (b) each such purchase or acquisition is of a Person or ongoing business engaged in business activities in which the Borrower is engaged; (c) before and after giving effect to the consummation of the transaction, no Event of Default has occurred and is continuing or could not reasonably be expected to result from such transaction; (d) the assets of the target company in such acquisition are free and clear of all Liens that would not otherwise constitute Permitted Liens hereunder at the time of the closing of such transaction; (e) Borrower (or a Subsidiary of Borrower

provided that such Subsidiary complies with the provisions of Section 6.10 hereof) is the surviving corporation of any such transaction, (f) Borrower delivers to the Lenders, within thirty (30) days of the closing of any such transaction, any documents required by the Lenders in order for the Lenders to obtain a first priority security interest in the assets acquired by Borrower (including, without limitation, assets owned by a Subsidiary with respect to which Borrower has acquired all or a portion of such entity's stock) subject only to Permitted Liens, (g) before and immediately after giving effect to the consummation of the transaction, Borrower has cash and or Cash Equivalents on deposit in a Collateral Account(s) subject to a Control Agreement(s) in favor of Agent for the benefit of the Lenders of not less than the greater of (1) \$25,000,000 and (2) Borrower's projected Cash Burn on the closing date of the transaction (giving pro forma effect for such transaction including all consideration paid in connection with such transaction, including all deferred consideration such as earn-outs), (h) Borrower's board of directors has approved the transaction, (i) in the event the transaction involves the acquisition of capital stock of a Person, Borrower or one of its Subsidiaries acquires a majority of the capital stock of such Person and (j) after giving effect to the transaction there is no Change in Control."

""**Required Lenders**" means (i) for so long as all of the Persons that are Lenders on the Effective Date (each an "**Original Lender**") have not assigned or transferred any of their interests in their respective Term Loans, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loans, or (ii) at any time from and after any Original Lender has assigned or transferred any interest in its Term Loans, Lenders holding sixty-six percent (66%) or more of the aggregate outstanding principal balance of the Term Loans, *plus*, in respect of this clause (ii), (A) each Original Lender that has not assigned or transferred any portion of its respective Term Loans and (B) each assignee of an Original Lender provided such assignee was assigned or transferred and continues to hold 100% of the assigning Original Lender's interest in the Term Loans (in each case in respect of clauses (A) and (B) of this clause (ii), whether or not such Lender is included within the Lenders holding sixty-six percent (66%) of the Terms Loans); *provided, however*, that notwithstanding the foregoing, for purposes of Section 9.1(b) hereof, "Required Lenders" means (i) for so long as all Original Lenders retain 100% of their interests in their respective Term Loans, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loans, or (ii) at any time from and after any Original Lender has assigned or transferred any interest in its Term Loans, Lenders holding sixty-six percent (66%) or more of the aggregate outstanding principal balance of the Term Loans, *plus*, in respect of this clause (ii), each Original Lender that has not assigned or transferred any portion of its respective Term Loan (in each case in respect of this clause (ii), whether or not such Original Lender is included within the Lenders holding sixty-six percent (66%) of the Term Loans). For purposes of this definition only, a Lender shall be deemed to include itself, and any Lender that is an Affiliate or Approved Fund of such Lender."

""**Required Permit**" means a Permit (a) issued or required under Laws applicable to the business of Borrower or any of its Subsidiaries or necessary in the manufacturing, importing, exporting, possession, ownership, warehousing, marketing, promoting, sale, labeling,

furnishing, distribution or delivery of goods or services under Laws applicable to the business of Borrower or any of its Subsidiaries or any Drug Application (including without limitation, at any point in time, all licenses, approvals and permits issued by the FDA or any other applicable Governmental Authority necessary for the testing, manufacture, marketing or sale of any Product by any applicable Borrower(s) as such activities are being conducted by such Borrower with respect to such Product at such time), and (b) issued by any Person from which Borrower or any of their Subsidiaries have received an accreditation."

and inserting in lieu thereof each of the following:

""**Drug Application**" means a new drug application or an abbreviated new drug application for any Product, as those terms are defined in the FDCA or a biologic license application for any Product, as appropriate, under the Public Health Service Act, as amended, 42 U.S.C. Section 2.67et seq. and the regulations promulgated thereunder.

""**Eligible Assignee**" means (a) any Lender and any Affiliate of any Lender and (b) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act) which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which has a rating of BBB or higher from S&P and a rating of Baa2 or higher from Moody's at the date that it becomes a Lender and in each case of clauses (a) and (b), which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that no person proposed to become a Lender after the Effective Date and determined by Agent to be acting in the capacity of a vulture fund or distressed debt purchaser shall be a Eligible Assignee, and no person or Affiliate of such person proposed to become a Lender after the Effective Date and that holds any subordinated debt or stock issued by any Borrower, Guarantor or its Affiliates shall be a Eligible Assignee."

""**Final Payment**" is a payment (in addition to and not in substitution for the regular monthly payments of principal plus accrued interest) due on the earlier to occur of (a) the Maturity Date, or (b) the acceleration of any Term Loan, or (c) the prepayment of a Term Loan pursuant to Section 2.2(c) or (d), equal to the original Term Loan Commitment for each Term Loan being so repaid multiplied by the Final Payment Percentage."

""**Funding Date**" is (i) with respect to the Term A Loans, the Effective Date, which date shall be a Business Day, and (ii) with respect to the Term B Loans, the First Amendment Effective Date, which date shall be a Business Day."

""**Maturity Date**" means December 30, 2013."

""**Permits**" means licenses, certificates, accreditations, product clearances or approvals, provider numbers or provider authorizations, marketing authorizations, other authorizations, registrations, permits, consents and approvals required in connection with the conduct of

Borrower's or any Subsidiary's business or to comply with any applicable Laws, including, without limitation, investigational new drug applications 21 U.S.C. Section 355(i), drug listings and drug establishment registrations under 21 U.S.C. Section 510, registrations issued by DEA under 21 U.S.C. Section 823 (if applicable to any Product), and those issued by State governments for the conduct of Borrower's or any Subsidiary's business."

""**Permitted Acquisition**"" means an acquisition by Borrower of capital stock or property of any Person which results in such stock or property being owned by Borrower following the closing of such transaction, provided that: (a) Borrower has provided the Lenders with no less than thirty (30) days notice prior to the closing of such transaction, including without limitation, a summary description of the Person or assets being acquired by Borrower, the total consideration for the transaction (broken out into line items for cash and other property), the form of the transaction (asset purchase, stock purchase or otherwise) and any other information reasonably requested by the Lenders; (b) each such purchase or acquisition is of a Person or ongoing business engaged in business activities in which the Borrower is engaged; (c) before and after giving effect to the consummation of the transaction, no Event of Default has occurred and is continuing or could not reasonably be expected to result from such transaction; (d) the assets of the target company in such acquisition are free and clear of all Liens that would not otherwise constitute Permitted Liens hereunder at the time of the closing of such transaction; (e) Borrower (or a Subsidiary of Borrower provided that such Subsidiary complies with the provisions of Section 6.10 hereof) is the surviving corporation of any such transaction, (f) Borrower delivers to the Lenders, within thirty (30) days of the closing of any such transaction, any documents required by the Lenders in order for the Lenders to obtain a first priority security interest in the assets acquired by Borrower (including, without limitation, assets owned by a Subsidiary with respect to which Borrower has acquired all or a portion of such entity's stock) subject only to Permitted Liens, (g) before and immediately after giving effect to the consummation of the transaction, Borrower has cash and or Cash Equivalents on deposit in a Collateral Account(s) subject to a Control Agreement(s) in favor of Agent for the benefit of the Lenders of not less than the greater of (1) \$25,000,000 and (2) Borrower's projected Cash Burn on the closing date of the transaction (giving pro forma effect for such transaction including all consideration paid in connection with such transaction, including all deferred consideration such as earn-outs), (h) Borrower's board of directors has approved the transaction, (i) in the event the transaction involves the acquisition of capital stock of a Person, Borrower or one of its Subsidiaries acquires a majority of the capital stock of such Person, (j) such acquisition shall not be hostile and shall have been approved by the board of directors (or other similar body) and/or the stockholders or other equity holders of the Person whose capital stock or property is being acquired, and (k) after giving effect to the transaction there is no Change in Control."

""**Required Lenders**"" means (i) for so long as all of the Persons that are Lenders on the First Amendment Effective Date (each an "**Original Lender**") have not assigned or transferred any of their interests in their respective Term Loans, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loans, or (ii) at any time from and after any Original Lender has assigned or

transferred any interest in its Term Loans, Lenders holding sixty percent (60%) or more of the aggregate outstanding principal balance of the Term Loans, *plus*, in respect of this clause (ii), (A) each Original Lender that has not assigned or transferred any portion of its respective Term Loans and (B) each assignee of an Original Lender provided such assignee was assigned or transferred and continues to hold 100% of the assigning Original Lender's interest in the Term Loans (in each case in respect of clauses (A) and (B) of this clause (ii), whether or not such Lender is included within the Lenders holding sixty percent (60%) of the Terms Loans). For purposes of this definition only, a Lender shall be deemed to include itself, and any Lender that is an Affiliate or Approved Fund of such Lender."

""**Required Permit**" means a Permit (a) issued or required under Laws applicable to the business of Borrower or any of its Subsidiaries or necessary in the manufacturing, importing, exporting, possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Laws applicable to the business of Borrower or any of its Subsidiaries or any Drug Application (including without limitation, at any point in time, all licenses, approvals and permits issued by the FDA or any other applicable Governmental Authority necessary for the testing, manufacture, marketing or sale of any Product by any applicable Borrower(s) as such activities are being conducted by such Borrower with respect to such Product at such time), or (b) issued by any Person from which Borrower or any of their Subsidiaries have received an accreditation."

19. The Loan Agreement shall be amended by deleting the defined term "Funding Date" in each of clauses (j) and (k) of the definition of "Permitted Liens" appearing in Section 14.1 and replacing such defined term with the defined term "Effective Date".

20. The Loan Agreement shall be amended by adding the following definitions in Section 14.1 thereof in alphabetical order:

""**First Amendment Effective Date**" means March 7, 2011."

""**Term A Loan**" or "**Term A Loans**" is defined in Section 2.2(a)(i) hereof."

""**Term A Loan Commitment**" means, for any Lender, the obligation of such Lender to make a Term A Loan, up to the principal amount shown on **Schedule 1.1**. "**Term A Loan Commitments**" means the aggregate amount of such commitments of all Lenders."

""**Term B Loan**" or "**Term B Loans**" is defined in Section 2.2(a)(ii) hereof."

""**Term B Loan Commitment**" means, for any Lender, the obligation of such Lender to make a Term B Loan, up to the principal amount shown on **Schedule 1.1**. "**Term B Loan Commitments**" means the aggregate amount of such commitments of all Lenders."

21. The Loan Agreement shall be amended by deleting Schedule 1.1 thereto in its entirety and replacing it with Schedule 1.1 attached to this Loan Modification Agreement as Exhibit A.

6. EXPENSES. Borrower shall reimburse Agent and the Lenders for all legal fees and out-of pocket expenses incurred in connection with this Loan Modification Agreement.

7. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Agent for the ratable benefit of the Lenders, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

8. PERFECTION CERTIFICATE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in Borrower's Perfection Certificate dated as of December 30, 2010 as updated by the Perfection Certificate dated March 7, 2010 delivered by Borrower to Agent and the Lenders (the "Perfection Certificate"), and acknowledges, confirms and agrees the disclosures and information Borrower provided to Agent and the Lenders in such Perfection Certificate have not changed, as of the date hereof. On and after the date hereof, the term "Perfection Certificate" in the Loan Agreement shall mean Borrower's Perfection Certificate dated as of December 30, 2010 as updated by the Perfection Certificate dated March 7, 2010 delivered by Borrower to Agent and the Lenders.

9. NO DEFENSES OF BORROWER. Borrower and each Guarantor hereby acknowledges and agrees that no Borrower and/or Guarantor has any offsets, defenses, claims, or counterclaims against Agent and/or the Lenders with respect to the Obligations, or otherwise, and that if Borrower now has, or ever did have, any offsets, defenses, claims, or counterclaims against Agent and/or the Lenders, whether known or unknown, at law or in equity, all of them are hereby expressly WAIVED and Borrower hereby RELEASES Agent and/or the Lenders from any liability thereunder. Notwithstanding the generality of the foregoing, Each Borrower and Guarantor waives, releases and agrees (and shall cause each other Borrower and Guarantor to waive, release and agree) not to sue upon any such claim for any special, indirect, consequential or punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor. This provision shall survive the termination of this Agreement. Each Borrower and each Guarantor agrees not to sue upon any such claim for any special, indirect, consequential or punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor. This provision shall survive the termination of this Loan Modification Agreement, the Loan Agreement and the other Loan Documents.

10. REPRESENTATIONS AND WARRANTIES. To induce Agent and the Lenders to enter into this Loan Modification Agreement Borrower does hereby warrant, represent and covenant to Agent and Lenders that after giving effect to this Loan Modification Agreement (i) each representation or warranty of Borrower set forth in the Loan Agreement is hereby restated and reaffirmed as true and correct in all material respects on and as of the date of this Loan Modification Agreement as if such representation or warranty were made on and as of the date of this Loan Modification Agreement (except to the extent that any such representation or warranty expressly relates to a prior specific date or period), (ii) no Default or Event of Default has occurred and is continuing as of the date hereof and (iii) Borrower has the power and is duly authorized to enter into, deliver and perform this Loan Modification Agreement and this Loan Modification Agreement is the legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with its terms.

11. CONTINUING VALIDITY. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. The Lenders' agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Agent or the Lenders to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Agent, the Lenders and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by the Lenders in writing. No maker will be released by virtue of this Loan Modification Agreement.

12. CONDITION PRECEDENT TO EFFECTIVENESS OF THIS LOAN MODIFICATION AGREEMENT. This Loan Modification Agreement shall become effective as of date referred to above upon the receipt by Agent, in form and substance satisfactory to Agent and Lenders, of each of the following items:

- A. duly executed original signatures to this Loan Modification;
- B. re-delivery or supplemental delivery of the items required by the following sections of the Loan Agreement to the extent necessary to reasonably address changes since the Effective Date, each in

form and substance reasonably satisfactory to Agent and the Lenders: 3.1(c), (d), (e), (f), (g), (h), and (n).

13. COUNTERPARTS. This Loan Modification Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument.

14. GOVERNING LAW. THIS LOAN MODIFICATION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF MARYLAND APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS.

15. ENTIRE AGREEMENT. The Existing Loan Documents as and when amended through this Loan Modification Agreement embody the entire agreement between the parties hereto relating to the subject matter thereof and supersede all prior agreements, representations and understandings, if any, relating to the subject matter thereof.

[Remainder of Page Intentionally Left Blank —
Signature Page(s) to Follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Loan Modification Agreement to be executed as of the date first written above.

BORROWER:

CELLDEX THERAPEUTICS, INC.

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

CELLDEX RESEARCH CORPORATION

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

AGENT:

MIDCAP FUNDING V, LLC, as Agent

By /s/ Luis Viera
Name: Luis Viera
Title: Managing Director

LENDERS:

MIDCAP FUNDING V, LLC, as a Lender

By /s/ Luis Viera
Name: Luis Viera
Title: Managing Director

GENERAL ELECTRIC CAPITAL CORPORATION, as a Lender

By /s/ R. Hanes Whiteley
Name: R. Hanes Whiteley
Title: Duly Authorized Signatory

EXHIBIT A TO LOAN MODIFICATION AGREEMENT

SCHEDULE 1.1

LENDERS AND COMMITMENTS

Lender	Term A Loan Commitment	Commitment Percentage
MidCap Funding V, LLC	\$ 10,000,000	100%
TOTAL TERM A LOANS	\$ 10,000,000	100%

Lender	Term B Loan Commitment	Commitment Percentage
General Electric Capital Corporation	\$ 5,000,000	100%
TOTAL TERM B LOANS	\$ 5,000,000	100%

Lender	Term Loan Commitments	Commitment Percentage
MidCap Funding V, LLC	\$ 10,000,000	66.67%
General Electric Capital Corporation	\$ 5,000,000	33.33%
TOTAL TERM LOANS	\$ 15,000,000	100%

SECURED PROMISSORY NOTE

\$5,000,000

Dated: March 7, 2011

FOR VALUE RECEIVED, the undersigned, **CELLEX THERAPEUTICS, INC.**, a Delaware corporation ("**Celldex**") and **CELLEX RESEARCH CORPORATION**, a Delaware corporation ("**Celldex Research**") Celldex and Celldex Research are referred to herein individually and collectively, jointly and severally, as "**Borrower**") HEREBY PROMISES TO PAY to the order of **GENERAL ELECTRIC CAPITAL CORPORATION** ("**GECC**") the principal amount of FIVE MILLION DOLLARS (\$5,000,000) or such lesser amount as shall equal the outstanding principal balance of the Term Loan made to Borrower by GECC, plus interest on the aggregate unpaid principal amount of the Term Loan, at the rates and in accordance with the terms of certain Loan and Security Agreement dated as of December 30, 2010 by and among Borrower, **MIDCAP FUNDING V, LLC**, a Delaware limited liability company (as assignee of **MIDCAP FINANCIAL, LLC**, a Delaware limited liability company ("**MidCap**"), as collateral agent ("**Agent**"), and MidCap as a "Lender" thereunder, as amended by a certain Joinder and First Loan Modification Agreement of even date herewith by and among Borrower, Agent and MidCap and GECC, as Lenders (the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued interest hereunder and under the Loan Agreement shall be due and payable on Maturity Date as set forth in the Loan Agreement.

Borrower agrees to pay any initial partial month interest payment from the date of this Secured Promissory Note (this "Note") to the first Payment Date ("Interim Interest") on the first Payment Date.

Principal, interest and all other amounts due with respect to the Term Loan, are payable in lawful money of the United States of America to GECC as set forth in the Loan Agreement and this Note. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by GECC and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of secured Term Loans to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2(c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term Loan, interest on the Term Loan and all other amounts due GECC under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by GECC in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due. This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of Maryland.

Note Register; Ownership of Note. The ownership of an interest in this Note shall be registered on a record of ownership maintained by GECC or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an

interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

CELLDEX THERAPEUTICS, INC.

By: /s/ Anthony S. Marucci

Name: Anthony S. Marucci

Title: President and
Chief Executive Officer

CELLDEX RESEARCH CORPORATION

By: /s/ Anthony S. Marucci

Name: Anthony S. Marucci

Title: President and
Chief Executive Officer

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Exhibit 21.0

LIST OF SUBSIDIARIES

<u>Name</u>	<u>State of Incorporation</u>
Celldex Research Corporation	Delaware
Celldex Therapeutics, Ltd.	United Kingdom

QuickLinks

[Exhibit 21.0](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-151728, 333-117602 and 333-162423) and on Form S-3 (Nos. 333-143112, 333-162613 and 333-165899) of Celldex Therapeutics, Inc. of our report dated March 9, 2011 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts March 9, 2011

QuickLinks

[Exhibit 23.1](#)

CERTIFICATION

I, Anthony S. Marucci, certify that:

1. I have reviewed this annual report on Form 10-K 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 the 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: March 9, 2011

By: /s/ ANTHONY S. MARUCCI

Name: Anthony S. Marucci
Title: *President and Chief Executive Officer*

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[Exhibit 31.1](#)

CERTIFICATION

I, Avery W. Catlin, certify that:

1. I have reviewed this annual report on Form 10-K 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 the 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: March 9, 2011

By: /s/ AVERY W. CATLIN

Name: Avery W. Catlin
Title: Senior Vice President and
Chief Financial Officer

QuickLinks

[Exhibit 31.2](#)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Force Protection, Inc. (the "Company"), that, to his knowledge, the Annual Report of the Company on Form 10-K for the period ended December 31, 2009 (the "Form 10-K"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §78m or 78o(d)) and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K. A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 9, 2011

By: /s/ ANTHONY S. MARUCCI

Name: Anthony S. Marucci
Title: *President and Chief Executive Officer*

Date: March 9, 2011

By: /s/ AVERY W. CATLIN

Name: Avery W. Catlin
Title: *Senior Vice President and
Chief Financial Officer*

This certification shall be 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.

QuickLinks

[Exhibit 32](#)