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

FORM 10-Q

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

For the quarterly period ended March 31, 2011

OR

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

Commission File Number: 0-15006

CELLDEX THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**No. 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)

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

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

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

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

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

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

As of April 28, 2011, 32,555,382 shares of common stock, $.001 par value per share, were outstanding.

CELLDEX THERAPEUTICS, INC.

FORM 10-Q

Three Months Ended March 31, 2011
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PART I—FINANCIAL INFORMATION
Item 1. Unaudited Financial Statements

CELLDEX THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except share and per share amounts)

	March 31, 2011	December 31, 2010
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 10,140	$ 21,287
Marketable Securities	34,167	39,811
Accounts and Other Receivables	243	324
Prepaid and Other Current Assets	1,678	1,525
Total Current Assets	46,228	62,947
Property and Equipment, Net	10,472	10,832
Intangible Assets, Net	26,353	26,836
Goodwill	8,965	8,965
Other Assets	386	363
Total Assets	$ 92,404	$ 109,943
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 738	$ 931
Accrued Expenses	4,200	4,936
Current Portion of Long-Term Liabilities	649	818
Current Portion of Term Loan	3,333	1,111
Convertible Subordinated Debt	—	12,412
Total Current Liabilities	8,920	20,208
Term Loan, less Current Portion	11,697	8,889
Other Long-Term Liabilities	6,002	5,591
Total Liabilities	26,619	34,688
Commitments and Contingent Liabilities		
Stockholders' Equity:		
Convertible Preferred Stock, $.01 Par Value; 3,000,000 Shares Authorized; No Shares Issued and Outstanding at March 31, 2011 and December 31, 2010	—	—
Common Stock, $.001 Par Value; 297,000,000 Shares Authorized; 32,055,382 Shares Issued and Outstanding at March 31, 2011 and December 31, 2010	32	32
Additional Paid-In Capital	233,259	232,679
Accumulated Other Comprehensive Income	2,760	2,751
Accumulated Deficit	(170,266)	(160,207)
Total Stockholders' Equity	65,785	75,255
Total Liabilities and Stockholders' Equity	$ 92,404	$ 109,943

See accompanying notes to unaudited condensed consolidated financial statements

CELLDEX THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended	
	March 31, 2011	**March 31, 2010**
REVENUE:		
Product Development and Licensing Agreements	$ 14	$ 1,347
Contracts and Grants	—	220
Product Royalties	2,502	2,146
Total Revenue	2,516	3,713
OPERATING EXPENSE:		
Research and Development	6,853	6,438
Royalty	2,502	2,327
General and Administrative	2,386	2,835
Gain on Sale of Assets	(50)	—
Amortization of Acquired Intangible Assets	483	1,520
Total Operating Expense	12,174	13,120
Operating Loss	(9,658)	(9,407)
Investment and Other Income, Net	84	3,162
Interest Expense	(485)	(337)
Net Loss	$ (10,059)	$ (6,582)
Basic and Diluted Net Loss Per Common Share (Note 4)	$ (0.31)	$ (0.21)
Shares Used in Calculating Basic and Diluted Net Loss per Share (Note 4)	32,047	31,695

See accompanying notes to unaudited condensed consolidated financial statements

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

(In thousands)

	Three Months Ended	
	March 31, 2011	March 31, 2010
Cash Flows from Operating Activities:		
Net Loss	$ (10,059)	$ (6,582)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization	562	908
Amortization of Intangible Assets	483	1,520
Amortization of Accretion of Marketable Securities	244	—
Realized Loss on Sales and Maturities of Marketable Securities	5	21
Gain on Sales or Disposal of Assets	(55)	—
Stock-Based Compensation Expense	580	970
Non-Cash Interest Expense	135	182
Changes in Operating Assets and Liabilities:		
Accounts and Other Receivables	81	(315)
Prepaid and Other Current Assets	(162)	(1,079)
Other Assets	(37)	182
Accounts Payable and Accrued Expenses	(929)	(1,633)
Deferred Revenue	—	(1,100)
Other Long-Term Liabilities	288	(14)
Net Cash Used in Operating Activities	(8,864)	(6,940)
Cash Flows from Investing Activities:		
Sales and Maturities of Marketable Securities	8,653	6,816
Purchases of Marketable Securities	(3,245)	(13,968)
Acquisition of Property and Equipment	(202)	(384)
Proceeds from Sales or Disposal of Assets	64	—
Net Cash Provided by (Used in) Investing Activities	5,270	(7,536)
Cash Flows from Financing Activities:		
Net Proceeds from Stock Issuances	—	187
Issuance of Term Loan	5,000	—
Payment of Convertible Subordinated Debt	(12,503)	—
Payments of Other Long-Term Liabilities	(46)	(46)
Net Cash (Used in) Provided by Financing Activities	(7,549)	141
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4)	(1)
Net Decrease in Cash and Cash Equivalents	(11,147)	(14,336)
Cash and Cash Equivalents at Beginning of Period	21,287	57,002
Cash and Cash Equivalents at End of Period	$ 10,140	$ 42,666

See accompanying notes to unaudited condensed consolidated financial statements

CELLDEX THERAPEUTICS, INC.
Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2011

(1) Basis of Presentation

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

These interim financial statements do not include all the information and footnotes required by U.S. GAAP for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2010, which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 9, 2011. In the opinion of management, the interim financial statements reflect all normal recurring adjustments necessary to fairly state the Company's financial position and results of operations for the interim periods presented. The year-end consolidated balance sheet data presented for comparative purposes was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for any future interim period or the fiscal year ending December 31, 2011.

At March 31, 2011, the Company had cash, cash equivalents and marketable securities of $44.3 million; working capital of $37.3 million; and a Term Loan balance of $15.0 million. The Company incurred a loss of $10.1 million for the three months ended March 31, 2011. Net cash used in operations for the three months ended March 31, 2011 was $8.9 million. In April 2011, the Company sold 500,000 shares of common stock under the Cantor Agreement and raised $2.1 million in gross proceeds. The Company believes that the cash, cash equivalents and marketable securities at March 31, 2011 in addition to the $2.1 million raised from the completed sales of common stock under the Cantor Agreement, 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.

During the next twelve months, the Company will take further 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 the Company's negotiating position in capital-raising efforts may worsen as existing resources are used. There is also no assurance that the Company will be able to enter into further collaborative relationships. Additional equity financing may be dilutive to the Company's stockholders; debt financing, if available, may involve significant cash payment obligations and covenants that restrict the Company's ability to operate as a business; and licensing or strategic collaborations may result in royalties or other terms which reduce the Company's economic potential from products under development. 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 part of the Company.

(2) Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three months ended March 31, 2011 are consistent with those discussed in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2010, except for the adoption of new accounting standards during the first three months of 2011 as discussed below.

Recent Accounting Pronouncements

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

In January 2011, the Company adopted a new U.S. GAAP accounting standard which revises the 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. The Company adopted this guidance beginning with agreements entered into on or after January 1, 2011. This standard may impact the Company in the event it completes future transactions or collaborative relationships that include milestone payments.

(3) Comprehensive Loss

For the three months ended March 31, 2011 and 2010, comprehensive loss was as follows:

	Three months ended March 31,	
	2011	2010
	(In thousands)	
Net loss	$ (10,059)	$ (6,582)
Other comprehensive gain (loss):		
Unrealized gain on marketable securities	13	118
Unrealized foreign exchange translation loss	(4)	(1)
Total other comprehensive gain	9	117
Total comprehensive loss	$ (10,050)	$ (6,465)

(4) 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:

	Three months ended March 31,	
	2011	2010
Stock options	3,727,434	4,299,850
Convertible debt	—	353,563
Restricted stock	4,669	12,000
	3,732,103	4,665,413

In connection with the acquisition of CuraGen Corporation ("CuraGen"), the Company assumed the $12.5 million in 4% convertible subordinated debt due February 15, 2011 (the "CuraGen Debt"). 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. In February 2011, the Company paid the Trustee $12.8 million to satisfy all outstanding principal and accrued interest related to the CuraGen Debt.

(5) Fair Value Measurements

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

	As of March 31, 2011	Level 1	Level 2	Level 3
		(In thousands)		
Money market funds	$ 2,725	$ 2,725	—	—
Marketable securities	$ 34,167	—	$ 34,167	—
	$ 36,892	$ 2,725	$ 34,167	—

	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	$ 10,975	$ 39,811	—

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 approximates the carrying value of the principal portion of the Term Loan and note payable at March 31, 2011. Intangible assets acquired in business combinations were accounted for using Level 3 inputs.

(6) Marketable Securities

A summary of marketable securities is shown below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
March 31, 2011				
Marketable securities				
U.S. government and municipal obligations				
Maturing in one year or less	$ 15,137	$ 107	$ —	$ 15,244
Maturing after one year through two years	8,689	52	—	8,741
Total U.S. government and municipal obligations	$ 23,826	$ 159	$ —	$ 23,985
Corporate debt securities				
Maturing in one year or less	$ 8,063	$ 12	$ —	$ 8,075
Maturing after one year through two years	2,110	—	(3)	2,107
Total corporate debt securities	$ 10,173	$ 12	$ (3)	$ 10,182
Total marketable securities	$ 33,999	$ 171	$ (3)	$ 34,167

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	$ 26,264	$ 138	$ —	$ 26,402
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	$ 13,392	$ 19	$ (2)	$ 13,409
Total marketable securities	$ 39,656	$ 157	$ (2)	$ 39,811

As of March 31, 2011, 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 March 31, 2011.

(7) Intangible Assets and Goodwill

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

		March 31, 2011			December 31, 2010		
	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	$ (1,345)	13,155	14,500	$ (1,121)	13,379
TopoTarget Agreement	1.75 years	2,400	(2,229)	171	2,400	(2,057)	343
Core Technology	4.5 - 11 years	1,948	(1,106)	842	1,948	(1,040)	908
Strategic Partner Agreement	8 years	630	(245)	385	630	(224)	406
Total Intangible Assets		$ 31,278	$ (4,925)	$ 26,353	$ 31,278	$ (4,442)	$ 26,836
Goodwill	Indefinite	$ 8,965	—	$ 8,965	$ 8,965	—	$ 8,965

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 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 three months ended March 31, 2010.

(8) Term Loan

In December 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, as the Company had anticipated, 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%. Interest on the Term Loan is payable monthly and principal is due 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. 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 March 31, 2011, the Company believes it is in compliance with 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 to interest expense. At March 31, 2011 and 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 over the term of the Term Loan to interest expense. Interest expense on the Term Loan including the accretion of the Final Payment and amortization of the deferred financing costs was $0.3 million for the three months ended March 31, 2011.

(9) Other Long-Term Liabilities

Other long-term liabilities include the following:

	March 31, 2011	December 31, 2010
	(In thousands)	
Deferred Rent	$ 453	$ 450
CuraGen Severance	428	685
Deferred Tax Liabilities	4,661	4,661
Deferred Income from Sale of Tax Benefits	510	—
Deferred Revenue	32	—
Loan Payable	567	581
Note Payable	—	32
Total	6,651	6,409
Less Current Portion	(649)	(818)
Long-Term Portion	$ 6,002	$ 5,591

In January 2011, the Company received approval from the New Jersey Economic Development Authority and agreed to sell New Jersey tax benefits worth $0.6 million (consisting of R&D tax credits) to an independent third party for $0.5 million. Under the agreement, the Company must maintain a base of operations in NJ for five years or the tax benefits must be paid back on a pro-rata basis based on the number of years completed.

(10) Stockholders' Equity

In January 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 31, 2011, the Company had not sold any shares of common stock under the Cantor Agreement. In April 2011, the Company sold 500,000 shares of common stock under the Cantor Agreement and raised $2.1 million in gross proceeds.

(11) 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 March 31, 2011, 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. No shares were issued under the 2004 ESPP Plan during the three months ended March 31, 2011. At March 31, 2011, 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 March 31, 2011, 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 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). 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 three months ended March 31, 2011 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In Years)
Options Outstanding at December 31, 2010	4,019,982	$ 6.93	6.6
Granted	16,250	$ 4.08	
Exercised	—	—	
Canceled	(308,798)	$ 8.08	
Options Outstanding at March 31, 2011	3,727,434	$ 6.82	6.9
Options Vested and Expected to Vest at March 31, 2011	3,695,448	$ 6.83	6.9
Options Exercisable at March 31, 2011	2,638,599	$ 7.16	6.4
Shares Available for Grant under the 2008 Plan	1,780,463		

The weighted average grant-date fair value of stock options granted during the three months ended March 31, 2011 was $2.57. The total fair value of stock options that vested during the three months ended March 31, 2011 was $1.1 million.

The aggregate intrinsic value of stock options outstanding at March 31, 2011 was $0.5 million. The aggregate intrinsic value of stock options vested and expected to vest at March 31, 2011 was $0.5 million. As of March 31, 2011, total compensation cost related to non-vested employee and non-employee director stock options

not yet recognized was approximately $3.5 million, net of estimated forfeitures, which is expected to be recognized as expense over a weighted average period of 2.3 years.

Restricted Stock

A summary of restricted stock activity under the 2008 Plan for the three months ended March 31, 2011 is as follows:

	Shares	Weighted Average Grant Date Fair Value (per share)
Outstanding and unvested at December 31, 2010	9,338	$ 3.96
Granted	—	—
Vested	(4,669)	3.96
Canceled	—	—
Outstanding and unvested at March 31, 2011	4,669	$ 3.96

Valuation and Expenses Information

Stock-based compensation expense related to employee and non-employee stock options, restricted stock and employee stock purchases for the three months ended March 31, 2011 and 2010 was recorded as follows:

	Three months ended March 31,	
	2011	2010
	(In thousands)	
Research and development	$ 361	$ 516
General and administrative	219	454
Total stock-based compensation expense	$ 580	$ 970

The fair values of employee and non-employee director stock options and employee stock purchases granted during the three months ended March 31, 2011 and 2010 were valued using the Black-Scholes option-pricing model with the following assumptions:

	Three months ended March 31,	
	2011	2010
Expected stock price volatility (options)	68%	65%
Expected stock price volatility (2004 ESPP)	70%	51%
Expected option term (options)	6.0 Years	6.2 Years
Expected option term (2004 ESPP)	0.5 Years	0.5 Years
Risk-free interest rate (options)	2.9%	3.1 — 3.2%
Risk-free interest rate (2004 ESPP)	0.2%	0.2%
Expected dividend yield	None	None

(12) 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 $2.5 million and $2.1 million for the three months ended March 31, 2011 and 2010, 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 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.

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 recorded $1.3 million in product development and licensing agreement revenue under the Pfizer Agreement for the three months ended March 31, 2010. Effective with the Pfizer Termination, Pfizer is no longer funding the development of rindopepimut. The Company incurred and invoiced Pfizer $0.3 million in reimbursable costs related to the Pfizer collaboration for the three months ended March 31, 2010.

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 $0.2 million in royalty expense related to these deferred sublicense fees during the three months ended March 31, 2010.

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. No grant revenue was recorded from Rockefeller for the three months ended March 31, 2011. The Company recorded grant revenue from Rockefeller of $0.2 million for the three months ended March 31, 2010.

(13) Income Taxes

Massachusetts, New Jersey and Connecticut are the three states in which the Company primarily operates or has operated and has income tax nexus. The Company is 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 March 31, 2011 and December 31, 2010 against the Company's net deferred tax assets.

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

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

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

- our ability to successfully complete 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 product candidates;
- our ability to develop and commercialize products before competitors that are superior to the alternatives developed by such competitors;

- the validity of our patents and our ability to avoid intellectual property litigation, which can be costly and divert management time and attention; and

- the factors listed under the headings "Business," "Risk Factors" and Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's annual report on Form 10-K for the year ended December 31, 2010 and other reports that Celldex files with the Securities and Exchange Commission.

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

OVERVIEW

We are a biopharmaceutical company 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 by our partner GlaxoSmithKline. 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

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.

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

During the past five years through December 31, 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 three months ended March 31, 2011 and 2010. 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.

	Three Months Ended March 31,	
	2011	2010
	(In thousands)	
CLINICAL		
Rindopepimut	$ 1,056	$ 304
CDX-011	972	932
CDX-1307	586	850
CDX-1401	608	765
CDX-1135	810	118
PRECLINICAL		
CDX-301	228	1,894
CDX-1127	1,836	558
CDX-014	72	6
OTHER		
Other Programs	685	1,011
Total R&D Expense	$ 6,853	$ 6,438

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 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.

	Median PFS from diagnosis (months)	Median OS from diagnosis (months)	OS at 24 months
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.

Discussions are ongoing with the FDA and other regulatory authorities regarding the registration strategy for rindopepimut. 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 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 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. In April 2011, we amended the study design to be a 30 patient single-arm study.

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 70 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.

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 initiate 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 immunomudulatory 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 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.

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.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are more fully described in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010 and there have been no material changes to such critical accounting policies. We believe our most critical accounting policies include accounting for business combinations, revenue recognition, impairment of long-lived assets, research and development expenses and stock-based compensation expense.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2011 compared with Three Months Ended March 31, 2010

	Three Months Ended March 31,		Increase/ (Decrease)	Increase/ (Decrease)
	2011	2010	$	%
	(In thousands)			
Revenue:				
Product Development and Licensing Agreements	$ 14	$ 1,347	$ (1,333)	(99)%
Contracts and Grants	—	220	(220)	(100)%
Product Royalties	2,502	2,146	356	17%
Total Revenue	$ 2,516	$ 3,713	$ (1,197)	(32)%
Operating Expense:				
Research and Development	6,853	6,438	415	6%
Royalty	2,502	2,327	175	8%
General and Administrative	2,386	2,835	(449)	(16)%
Gain on Sale of Assets	(50)	—	(50)	n/a
Amortization of Acquired Intangible Assets	483	1,520	(1,037)	(68)%
Total Operating Expense	12,174	13,120	(946)	(7)%
Operating Loss	(9,658)	(9,407)	251	3%
Investment and Other Income, Net	84	3,162	(3,078)	(97)%
Interest Expense	(485)	(337)	148	44%
Net Loss	$ (10,059)	$ (6,582)	$ 3,477	53%

Net Loss

The $3.5 million increase in net loss for the three months ended March 31, 2011 compared to the three months ended March 31, 2010 was primarily the result of a decrease in other income and product development and licensing agreement revenue, partially offset by a decrease in amortization expense on acquired intangible assets.

Revenue

The $1.3 million decrease in product development and licensing agreement revenue for the three months ended March 31, 2011 was primarily due to the Pfizer Termination which resulted in us recognizing the remaining deferred revenue related to the Pfizer Agreement in 2010. The $0.2 million decrease in contract and grant revenue for the three months ended March 31, 2011 was due to a decrease in revenue related to our vaccine development work on Rockefeller's DCVax-001 (CDX-2401) program. The $0.4 million increase in product royalty revenue for the three months ended March 31, 2011 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.

Research and Development Expense

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

	Three Months Ended March 31,		Increase/ (Decrease)	Increase/ (Decrease)
	2011	2010	$	%
	(In thousands)			
Personnel	$ 3,203	$ 3,160	$ 43	1%
Laboratory Supplies	530	536	(6)	(1)%
Facility	1,174	1,491	(317)	(21)%
Product Development	1,369	791	578	73%

Personnel expenses primarily include salary, benefits, stock-based compensation, payroll taxes and recruiting costs. The increase in personnel expenses for the three months ended March 31, 2011 was primarily due to higher headcount partially offset by a decrease in stock-based compensation expense. We expect personnel expenses to remain relatively consistent over the next twelve months, although there may be fluctuations on a quarterly basis.

Laboratory supply expenses include laboratory materials and supplies, services, and other related expenses incurred in the development of our technology. Laboratory supply expense for the three months ended March 31, 2011 was relatively consistent as compared to the three months ended March 31, 2010. We expect 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 $0.3 million decrease in facility expenses for the three months ended March 31, 2011 was primarily due to lower 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 $0.6 million increase in product development expenses for the three months ended March 31, 2011 was primarily due to an increase in clinical expenses of $0.4 million largely due to our rindopepimut and CDX-011 programs. 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 program, 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 $0.2 million increase in royalty expenses for the three months ended March 31, 2011 was due to an increase in Rotarix® related product royalty fees, partially offset by the lack of sublicense royalty fees during the three months ended March 31, 2011 due to the Pfizer Termination which resulted in us recognizing the remaining deferred sublicense fees related to the Pfizer Agreement in 2010. 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 $0.4 million decrease in general and administrative expenses for the three months ended March 31, 2011 was primarily due to $0.2 million in lower stock-based compensation expense. 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 $1.0 million decrease in amortization expenses for the three months ended March 31, 2011 was due to the TopoTarget Agreement intangible asset acquired in connection with the CuraGen Merger. 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 three months ended March 31, 2010 and we recorded amortization expense related to the TopoTarget Agreement of $1.2 million for the three months ended March 31, 2010. We expect amortization expense of acquired intangible assets to decrease over the next twelve months as the remaining value of the TopoTarget Agreement is being amortized through June 2011.

Investment and Other Income, Net

The $3.1 million decrease in investment and other income, net for the three months ended March 31, 2011 was primarily due to $3.0 million received in connection with the TopoTarget Agreement during the three months ended March 31, 2010. 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 operations.

Interest Expense

The $0.1 million increase in interest expense for the three months ended March 31, 2011 was primarily due to the Term Loan we entered into in December 2010 and amended in March 2011. In February 2011, we paid $12.8 million to satisfy all outstanding principal and accrued interest related to the CuraGen Debt. We anticipate interest expense to remain relatively consistent over the next twelve months.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2011, our principal sources of liquidity consisted of cash, cash equivalents and marketable securities of $44.3 million. Our working capital at March 31, 2011 was $37.3 million. At March 31, 2011, our Term Loan balance was $15.0 million. We incurred a loss of $10.1 million for the three months ended March 31, 2011. Net cash used in operations for the three months ended March 31, 2011 was $8.9 million. In April 2011, the Company sold 500,000 shares of common stock under the Cantor Agreement and raised $2.1 million in gross proceeds. We believe that the cash, cash equivalents and marketable securities at March 31, 2011 in addition to the $2.1 million raised from the completed sales of common stock under the Cantor Agreement, 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.

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, and for the foreseeable future, 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 months, 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 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 $8.9 million for the three months ended March 31, 2011 compared to $6.9 million for the three months ended March 31, 2010. The increase in net cash used in operating activities was primarily due to decreases in other income and amortization of intangible assets during the three months ended March 31, 2011 resulting from the $3.0 million received in connection with the TopoTarget Agreement during the three months ended March 31, 2010. We expect that cash used in operations 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 provided by investing activities was $5.3 million for the three months ended March 31, 2011 compared to net cash used in investing activities of $7.5 million for the three months ended March 31, 2010. The increase in net cash provided by investing activities was primarily due to net sales of marketable securities for the three months ended March 31, 2011 of $5.4 million as compared to net purchases of marketable securities for the three months ended March 31, 2010 of $7.2 million.

Financing Activities

Net cash used in financing activities was $7.5 million for the three months ended March 31, 2011. In February 2011, we paid $12.5 million to satisfy all outstanding principal related to the CuraGen Debt. 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.

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.

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 31, 2011, we had not sold any shares of common stock under the Cantor Agreement. In April 2011, the Company sold 500,000 shares of common stock under the Cantor Agreement and raised $2.1 million in gross proceeds.

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%. Interest on the Term Loan is payable monthly and principal is due 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. 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. Upon repayment of the Term Loan in full, we are also obligated to make a final payment fee of $0.5 million ("Final Payment").

Our obligations under the Loan Agreement are secured by a first priority lien upon and security interest in substantially all of our existing and after-acquired assets, excluding our intellectual property assets. Under the Loan Agreement, we are subject to specified affirmative and negative covenants customary for financings of this type. The Loan Agreement provides that, upon the occurrence of certain specified events of default customary for financings of this type, our obligations under the Loan Agreement may be automatically accelerated, whereupon our obligations under the Loan Agreement shall be immediately due and payable. At March 31, 2011, we believe we are in compliance with the Loan Agreement.

AGGREGATE CONTRACTUAL OBLIGATIONS

The disclosures relating to our contractual obligations reported in our Annual Report on Form 10-K for the year ended December 31, 2010 which was filed with the SEC on March 9, 2011 have not materially changed since we filed that report.

RECENT ACCOUNTING PRONOUNCEMENTS

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

We do not utilize derivative financial instruments. The carrying amounts reflected in the consolidated balance sheet of cash and cash equivalents, accounts receivables and accounts payable approximates fair value at March 31, 2011 due to the short-term maturities of these instruments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

As of March 31, 2011, we evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2011. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

There were no changes in our internal control over financial reporting during the three months ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K may not be the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results.

There were no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 9, 2011.

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Item 6. Exhibits

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

* Filed herewith.
** Furnished herewith.

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SIGNATURES

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

CELLDEX THERAPEUTICS, INC.

BY:

/s/ ANTHONY S. MARUCCI

Dated: May 5, 2011

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

/s/ AVERY W. CATLIN

Dated: May 5, 2011

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

EXHIBIT INDEX

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* Filed herewith.
** Furnished herewith.

Exhibit 31.1

CERTIFICATION

I, Anthony S. Marucci, certify that:

1. I have reviewed this report on Form 10-Q of Celldex Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 5, 2011

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

Exhibit 31.2

CERTIFICATION

I, Avery W. Catlin, certify that:

1. I have reviewed this report on Form 10-Q of Celldex Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 5, 2011

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

Exhibit 32.1

SECTION 1350 CERTIFICATIONS

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

Date: May 5, 2011

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

Date: May 5, 2011

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

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