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

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
For the quarterly period ended September 30, 2014.

o **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
For the transition period from to .
Commission File Number
001-35342

NEWLINK GENETICS CORPORATION
(Exact name of Registrant as specified in Its Charter)

Delaware	**42-1491350**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2503 South Loop Drive
Ames, Iowa 50010
(515) 296-5555
(Address, including zip code, and telephone number, including area code, of principal executive offices)

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 o

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 o

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 o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of November 6, 2014, there were 27,959,553 shares of the registrant’s Common Stock, par value $0.01 per share, outstanding.

NewLink Genetics Corporation

FORM 10-Q

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PART I

NewLink Genetics Corporation
and Subsidiaries
Condensed Consolidated Balance Sheets
(unaudited)
(In thousands, except share and per share data)

	September 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 51,070	$ 61,291
Certificates of deposit	16,636	249
Prepaid expenses	353	773
Income tax receivable	7,502	—
State research and development credit receivable	479	329
Other receivables	2,720	1,328
Total current assets	78,760	63,970
Leasehold improvements and equipment:		
Leasehold improvements	5,581	5,588
Computer equipment	1,311	1,133
Lab equipment	4,897	3,724
Total leasehold improvements and equipment	11,789	10,445
Less accumulated depreciation and amortization	(4,672)	(3,858)
Leasehold improvements and equipment, net	7,117	6,587
Total assets	$ 85,877	$ 70,557

See accompanying notes to condensed consolidated financial statements.

NewLink Genetics Corporation
and Subsidiaries
Condensed Consolidated Balance Sheets
(unaudited)
(In thousands, except share and per share data)

	September 30, 2014	December 31, 2013
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,935	$ 612
Accrued expenses	4,026	2,861
Income taxes payable	—	130
Current portion of deferred rent	84	84
Current portion of long term debt and obligations under capital leases	193	189
Total current liabilities	7,238	3,876
Long-term liabilities:		
Royalty obligation payable to Iowa Economic Development Authority	6,000	6,000
Notes payable and obligations under capital leases	989	1,033
Deferred rent, excluding current portion	1,259	1,321
Total long-term liabilities	8,248	8,354
Total liabilities	15,486	12,230
Commitments and contingencies		
Stockholders' Equity:		
Blank check preferred stock, $0.01 par value: Authorized shares — 5,000,000 at September 30, 2014 and December 31, 2013; issued and outstanding shares — 0 at September 30, 2014 and December 31, 2013	—	—
Common stock, $0.01 par value: Authorized shares — 75,000,000 at September 30, 2014 and December 31, 2013; issued shares — 27,940,267 and outstanding shares — 27,929,874 at September 30, 2014, and issued and outstanding shares — 26,573,023 at December 31, 2013	279	266
Additional paid-in capital	230,308	194,038
Treasury stock, at cost: 10,393 shares at September 30, 2014	(222)	—
Retained deficit	(159,974)	(135,977)
Total stockholders' equity	70,391	58,327
Total liabilities and stockholders' equity	$ 85,877	$ 70,557

See accompanying notes to condensed consolidated financial statements.

NewLink Genetics Corporation
and Subsidiaries
Condensed Consolidated Statements of Operations
(unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Grant revenue	$ 2,801	$ 265	$ 3,347	$ 799
Operating expenses:				
Research and development	10,896	6,125	23,760	17,505
General and administrative	4,931	2,257	11,044	6,522
Total operating expenses	15,827	8,382	34,804	24,027
Loss from operations	(13,026)	(8,117)	(31,457)	(23,228)
Other income and expense:				
Miscellaneous income	—	—	—	114
Interest income	20	2	65	6
Interest expense	(5)	(8)	(18)	(26)
Other income (expense), net	15	(6)	47	94
Net loss before taxes	(13,011)	(8,123)	(31,410)	(23,134)
Income tax benefit	7,413	—	7,413	—
Net loss	$ (5,598)	$ (8,123)	$ (23,997)	$ (23,134)
Net loss per common share, basic and diluted	$ (0.20)	$ (0.32)	$ (0.86)	$ (0.92)
Weighted-average common shares outstanding, basic and diluted	27,914,782	25,702,043	27,800,246	25,067,772

See accompanying notes to condensed consolidated financial statements.

NewLink Genetics Corporation
and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)
(In thousands, except share data)

	Number of Common Shares Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Total Stockholders' Equity
Balance at December 31, 2013	26,573,023	$ 266	$ 194,038	$ —	$ (135,977)	$ 58,327
Share-based compensation	—	—	6,901	—	—	6,901
Exercise of stock options	337,217	3	1,587	—	—	1,590
Sale of shares under stock purchase plan	12,810	—	233	—	—	233
Issuance of common stock under the ATM Offering (net of offering costs of $692, January and February 2014)	1,017,217	10	27,549	—	—	27,559
Shares withheld for statutory tax withholding (September 30, 2014)	(10,393)	—	—	(222)	—	(222)
Net loss	—	—	—	—	(23,997)	(23,997)
Balance at September 30, 2014	27,929,874	$ 279	$ 230,308	$ (222)	$ (159,974)	$ 70,391

See accompanying notes to condensed consolidated financial statements.

NewLink Genetics Corporation
and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2014	**2013**
Cash Flows From Operating Activities		
Net loss	$ (23,997)	$ (23,134)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	6,901	3,134
Depreciation and amortization	814	635
Changes in operating assets and liabilities:		
Prepaid expenses	420	502
Income tax receivable	(7,502)	—
State research and development credit receivable	(150)	(15)
Other receivables	(1,392)	(1,027)
Accounts payable	2,324	2
Income taxes payable	(130)	—
Accrued expenses and deferred rent	1,103	2,147
Net cash used in operating activities	(21,609)	(17,756)
Cash Flows From Investing Activities		
Purchase of certificates of deposit	(16,387)	—
Maturity of certificates of deposit	—	1,494
Purchase of equipment	(1,344)	(1,280)
Net cash (used in) provided by investing activities	(17,731)	214
Cash Flows From Financing Activities		
Issuance of common stock, net of offering costs	29,382	49,423
Repurchase of common stock	(222)	—
Proceeds from notes payable	97	—
Principal payments on notes payable	(115)	(111)
Payments under capital lease obligations	(23)	(56)
Net cash provided by financing activities	29,119	49,256
Net increase (decrease) in cash and cash equivalents	(10,221)	31,714
Cash and cash equivalents at beginning of period	61,291	20,250
Cash and cash equivalents at end of period	$ 51,070	$ 51,964
Supplemental disclosure of cash flows information:		
Cash paid for interest	$ 18	$ 25
Cash paid for taxes	143	—
Noncash financing and investing activities:		
Purchased leasehold improvements and equipment in accounts payable	—	145
Assets acquired under capital lease	—	54

See accompanying notes to condensed consolidated financial statements.

NewLink Genetics Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Description of Business

On June 4, 1999, NewLink Genetics Corporation (NewLink) was incorporated as a Delaware corporation. NewLink was formed for the purpose of developing treatments for cancer and other diseases. NewLink initiated operations in April of 2000, which primarily consist of research and development.

In 2005, NewLink created a wholly-owned subsidiary, BioProtection Systems Corporation (BPS). NewLink contributed certain licensing agreements and other intangible assets for BPS to create vaccines against potential biological terror threats. Subsequent to its creation, certain interests in BPS were sold to minority stockholders. On January 7, 2011, NewLink acquired all of the minority interest in BPS, by merging a newly-formed subsidiary of NewLink with BPS, with BPS as the surviving corporation resulting in NewLink owning all the outstanding capital stock of BPS.

In 2013, NewLink created a wholly-owned subsidiary, NewLink International (NI). In 2014, NewLink created another wholly-owned subsidiary, NewLink Global (NG). NewLink plans to conduct all or a portion of its operations outside of the United States through NI and NG.

NewLink and its subsidiaries (the Company) are devoting substantially all of their efforts toward research and development. The Company has never earned revenue from sales of its drugs. The Company incurred a net loss of $5.6 million and $24.0 million for the three and nine months ending September 30, 2014. The Company has managed its liquidity needs to date through a series of capital market transactions. On February 4, 2013, the Company completed an offering of its common stock. The Company sold 4,600,000 shares of common stock at a price of $11.40 per share raising a total of $49.0 million in net proceeds.

NewLink entered into a sales agreement with Cantor Fitzgerald & Co., dated as of September 5, 2013, under which NewLink may sell up to $60.0 million in shares of its common stock in one or more placements at prevailing market prices for its common stock (the ATM Offering). Any such sales would be effected pursuant to its registration statement on Form S-3 (333-185721), declared effective by the SEC on January 4, 2013. As of March 31, 2014 the Company had sold 1,833,838 shares of common stock under the ATM Offering, raising a total of $45.0 million in net proceeds. During the years ended December 31, 2013 and 2012, the Company received equity financing of $67.2 million and $1.3 million, respectively, through common stock offerings. Subsequent to March 31, 2014 and through the date of this filing, the Company sold no additional shares of common stock under the ATM Offering.

The accompanying financial statements as of September 30, 2014 and for the three and nine months then ended have been prepared assuming the Company will continue as a going concern. The Company successfully raised net proceeds of $37.6 million from its initial public offering in 2011, completed a follow-on offering of its common stock raising net proceeds of $49.0 million, and raised an additional $45.0 million in net proceeds from the ATM Offering prior to September 30, 2014. The Company's cash and cash equivalents and current certificates of deposit after these offerings are expected to be adequate to satisfy the Company's liquidity requirements well into 2015, although not through commercialization and launch of revenue producing products. If available liquidity becomes insufficient to meet the Company’s operating obligations as they come due, the Company's plans include pursuing alternative funding arrangements and/or reducing expenditures as necessary to meet the Company’s cash requirements. However, there is no assurance that, if required, the Company will be able to raise additional capital or reduce discretionary spending to provide the required liquidity. Failure by the Company to successfully execute its plans or otherwise address its liquidity needs may have a material adverse effect on its business and financial position, and may materially affect the Company’s ability to continue as a going concern.

2. Basis of Presentation

The interim financial statements have been prepared and presented by the Company in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and the rules and regulations of the U.S. Securities and Exchange Commission (SEC), without audit, and, in management’s opinion, reflect all adjustments necessary to present fairly the Company’s interim financial information.

Certain information and footnote disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2013, included in the Company’s Annual Report on Form 10-K. There were no significant changes in the Company’s accounting policies since the

end of fiscal 2013, with the exception of those discussed below. The financial results for any interim period are not necessarily indicative of financial results for the full year.

3. Significant Accounting Policies

(a) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of NewLink and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Financial Instruments and Concentrations of Credit Risk

The fair values of cash and cash equivalents, certificates of deposit, receivables, and accounts payable, which are recorded at cost, approximate fair value based on the short-term nature of these financial instruments. The fair value and carrying value of notes payable and capital lease obligations was $1.2 million and $1.2 million as of September 30, 2014 and December 31, 2013, respectively, and was determined using Level 3 inputs. The Company is unable to estimate the fair value of the royalty obligation because the timing and receipt of payments is uncertain. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and certificates of deposit. Cash and cash equivalents are held by financial institutions and are federally insured up to certain limits. At times, the Company’s cash and cash equivalents balance exceeds the federally insured limits. To limit the credit risk, the Company invests its excess cash primarily in high quality cash equivalents, such as money market funds, or certificates of deposit.

(d) Recent Accounting Pronouncements

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In June 2014, the FASB issued ASU No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The ASU eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in the ASU will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company early adopted this standard effective June 30, 2014. Adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

4. Long-Term Debt

March 2010 City of Ames Forgivable Loan

In March 2010, the Company entered into a $400,000 forgivable loan agreement with the City of Ames, Iowa and the Ames Chamber of Commerce, jointly, as lenders. The project provides the Company with financial assistance to construct new facilities within the Ames city limits. In the absence of a default, there are no principal or interest payments due until the expected completion date for the project, which is March 10, 2015.

The project calls for the Company to create or retain at least 150 full-time positions located in Ames, Iowa as of March 10, 2015. The agreement also calls for the Company to enter into a five-year building lease with the option for extension for an additional five years of not less than 20,000 square feet within the corporate limits of the City of Ames by March 10, 2015. If, as of March 10, 2015, the Company has fulfilled the terms of the loan agreement, the loan will be forgiven. If on March 10, 2015, the Company has failed to create or retain at least 150 full-time jobs in Ames, Iowa, the Company will be required to repay approximately $3,100 per job not created or retained following such date. As of September 30, 2014, $397,000 of the total $400,000 forgivable loan was advanced to the Company. In the event of default, including failure to repay any amounts under the loan when due, the Company will be required to repay the note, including 6.5% interest per annum, beginning at the date of default.

5. Common Stock Equity Incentive Plan

In April 2000, the stockholders approved the Company's 2000 Equity Incentive Plan (the “2000 Plan”), and in July 2009, the stockholders approved the Company's 2009 Equity Incentive Plan (the “2009 Plan”). Following the approval of the 2009 Plan, all options outstanding under the 2000 Plan are effectively included under the 2009 Plan. Under the provisions of the 2009 Plan, the Company may grant the following types of common stock awards:

- Incentive Stock Options
- Nonstatutory Stock Options
- Restricted Stock Awards
- Stock Appreciation Rights

Awards under the 2009 Plan, as amended, may be made to officers, employees, members of the Board of Directors, advisors, and consultants to the Company. Shares are added to the reserve of shares available for issuance pursuant to an “evergreen provision” on January 1 of each year, from 2012 to (and including) 2019, in an amount equal to 4% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year. As of September 30, 2014, there were 6,799,854 shares of common stock authorized for the 2009 plan and 1,056,883 shares remained available for issuance.

On January 1, 2013, an additional 838,375 shares of common stock were added to the shares reserved for future issuance under the 2009 Plan. On January 1, 2014 an additional 1,066,340 shares of common stock were added to the shares reserved for future issuance under the 2009 Plan.

Under the terms of the Company’s 2010 Non-Employee Directors’ Stock Award Plan (Directors’ Plan), which became effective on November 10, 2011, 238,095 shares of common stock were reserved for future issuance. On May 9, 2013, an additional 161,905 shares of common stock were added to the shares reserved for future issuance under the Directors' Plan. As of September 30, 2014, 207,327 shares remained available for issuance under the plan.

Under the terms of the Company’s 2010 Employee Stock Purchase Plan (2010 Purchase Plan), which became effective on November 10, 2011, 214,285 shares of common stock were reserved for future issuance. On May 9, 2013 an additional 185,715 shares of common stock were added to the shares reserved for future issuance under the 2010 Purchase Plan. As of September 30, 2014, 283,998 shares remained available for issuance under the plan.

Share-based Compensation

Share-based compensation expense for the three and nine months ended September 30, 2014 and the three and nine months ended September 30, 2013 was $3.3 million, $6.9 million, $1.1 million, and $3.1 million, respectively, and is allocated between research and development and general and administrative expenses within the consolidated statements of operations, giving rise to related tax benefits for the three and nine months ended September 30, 2014 and the three and nine months ended September 30, 2013 of $782,000, $1.6 million, $0 and $0, respectively.

As of September 30, 2014, the total compensation cost related to nonvested option awards not yet recognized was $11.4 million and the weighted average period over which it is expected to be recognized is 2.8 years.

NewLink Genetics Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following table summarizes the stock option activity for the nine months ended September 30, 2014:

	Number of options	Weighted average exercise price	Weighted average remaining contractual term (years)
Outstanding at beginning of period	4,486,564	$ 5.89	
Options granted	628,805	23.26	
Options exercised	(291,517)	5.45	
Options forfeited	(27,545)	16.21	
Options expired	—	—	
Outstanding at end of period	4,796,307	$ 8.14	6.3
Options exercisable at end of period	3,601,927	$ 5.31	5.5

The following table summarizes options that were granted during the nine months ended September 30, 2014, and the range of assumptions used to estimate the fair value of those stock options using a Black-Scholes valuation model:

Risk-free interest rate	1.86%-2.24%
Expected dividend yield	—%
Expected volatility	57.4%-63.5%
Expected term (in years)	6.0-7.0
Weighted average grant-date fair value per share	$13.67

The intrinsic value of options exercised during the nine months ended September 30, 2014 was $7.3 million. The fair value of awards vested during the nine months ended September 30, 2014 was $6.5 million, which includes $1.7 million in share-based compensation resulting from the vesting in full of one employee's options upon the employee's termination that occurred during the three months ended September 30, 2014.

Restricted stock is common stock that is subject to restrictions, including risks of forfeiture, determined by the plan committee of the Board of Directors in its sole discretion, for so long as such common stock remains subject to any such restrictions. A holder of restricted stock has all rights of a stockholder with respect to such stock, including the right to vote and to receive dividends thereon, except as otherwise provided in the award agreement relating to such award. Restricted stock awards are equity classified within the consolidated balance sheets. The fair value of each restricted stock grant is estimated on the date of grant using the closing price of Company's Common Stock on the The NASDAQ Stock Market on the date of grant.

During the nine months ended September 30, 2014 and 2013, respectively, there were 138,420 and 0 shares of restricted stock granted. These restricted stock grants had a weighted average fair value (per share) at date of grant of $21.82. At September 30, 2014, and December 31, 2013, there were 92,720 and 0 shares of unvested restricted stock outstanding, respectively. Compensation expense is determined for the issuance of restricted stock by amortizing over the requisite service period, or the vesting period, the aggregate fair value of the restricted stock awarded based on the closing price of the Company’s common stock on the date of grant.

A summary of the Company’s unvested restricted stock at September 30, 2014 and changes during the nine months ended September 30, 2014 is as follows:

	Restricted Stock	Weighted Average Grant Date Fair Value
Unvested at December 31, 2013	—	$ —
Granted	138,420	21.82
Vested	(45,700)	21.38
Forfeited/cancelled	—	—
Unvested restricted stock at September 30, 2014	92,720	$ 22.04

As of September 30, 2014, the total remaining unrecognized compensation cost related to issuances of restricted stock was approximately $1.6 million and is expected to be recognized over a weighted-average period of 3.0 years.

6. Income Taxes

For the nine months ended September 30, 2014 and 2013, the Company incurred an income tax benefit of $7.4 million and $0, respectively. In October 2014, the Company entered into an exclusive worldwide license agreement with Genentech, Inc., a member of the Roche Group, or Genentech, for the development and commercialization of NLG919, the Company's IDO (indoleamine 2.3 dioxygenase) pathway inhibitor and a research collaboration for the discovery of next generation IDO and TDO (tryptophan-2.3 dioxygenase) pathway inhibitors, or the Genentech Agreement. The Company's estimated effective annual tax rate at September 30, 2014 has changed from zero due to the projected impact of the Genentech Agreement. Income tax benefit for the nine months ended September 30, 2014, differs from the amount that would be expected after applying the statutory U.S. federal income tax rate primarily due to the Company's anticipation of entering into the Genentech Agreement and other permanent differences. Income tax expense for the nine months ended September 30, 2013 differs from the amount that would be expected after applying the statutory U.S. federal income tax rate primarily due to the changes in the valuation allowance for deferred taxes.

The valuation allowance for deferred tax assets as of September 30, 2014 and December 31, 2013 was $26.1 million and $25.2 million, respectively. The net change in the total valuation allowance for the nine months ended September 30, 2014 and 2013 was an increase of $900,000 and $5.7 million, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected taxable income, and tax planning strategies in making this assessment. Valuation allowances have been established for the entire amount of the net deferred tax assets as of September 30, 2014 and December 31, 2013, due to the uncertainty of future recoverability.

Based on analysis from inception through December 31, 2013, NewLink experienced Section 382 ownership changes in September 2001 and March 2003 and BPS experienced Section 382 ownership changes in January 2006 and January 2011. These ownership changes limit NewLink’s ability to utilize federal net operating loss carryforwards (and certain other tax attributes) that accrued prior to the respective ownership changes of NewLink and BPS. Additional ownership changes may have occurred subsequent to December 31, 2013 and may occur in the future as a result of events over which the Company will have little or no control, including purchases and sales of the Company’s equity by its 5% stockholders, the emergence of new 5% stockholders, additional equity offerings or redemptions of the Company’s stock or certain changes in the ownership of any of the Company’s 5% stockholders.

Additional analysis will be required to determine whether changes in the Company's ownership since December 31, 2013 have occurred. Any such change could result in significant limitations on some or all of the Company's net operating loss carryforwards and other tax attributes.

Even if another ownership change has not occurred, additional ownership changes may occur in the future as a result of events over which the Company will have little or no control, including purchases and sales of the Company's equity by its 5% stockholders, the emergence of new 5% stockholders, additional equity offerings or redemptions of the Company's stock or certain changes in the ownership of any of its 5% stockholders.

7. Net Loss per Common Share

Basic net loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding for the period, without consideration of common stock equivalents. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common share equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, preferred stock, stock options and warrants are considered to be common stock equivalents and are only included in the calculation of diluted net loss per share when their effect is dilutive.

NewLink Genetics Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(unaudited)

The following table presents the computation of basic and diluted net loss per common share (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Historical net loss per share				
Numerator				
Net loss attributable to common stockholders	(5,598)	(8,123)	(23,997)	(23,134)
Denominator				
Weighted-average common shares outstanding (basic and diluted)	27,914,782	25,702,043	27,800,246	25,067,772
Basic and diluted net loss per share	$ (0.20)	$ (0.32)	$ (0.86)	$ (0.92)

As of September 30, 2014 and 2013 respectively, 4.9 million and 4.5 million common equivalent shares of potentially dilutive securities were not included in the calculation of diluted net loss per common share because to do so would be anti-dilutive.

8. Commitments and Contingencies

In June 2014, the Company entered into a Development and Manufacturing Terms and Conditions and a Development and Process Transfer Program Leading to Commercial Manufacturing for algenpantucel-L HyperAcute Pancreas with WuXi AppTec, Inc., or WuXi, or collectively, the WuXi Agreement. The WuXi Agreement is intended to establish a source of supply for algenpantucel-L for commercial sale, if and when that drug is approved by the FDA. Under the WuXi Agreement, the Company granted WuXi a non-exclusive right to use certain starting materials and the Company's confidential information to develop manufacturing processes and to manufacture cell material to be formulated into algenpantucel-L. WuXi will adapt facilities and equipment for production, generate batch records and other documents, perform studies and test manufacturing runs and conduct process validation and characterization.

In August 2014, the Company signed a letter agreement with the United States Defense Threat Reduction Agency, or DTRA, under which the Company will conduct studies with the goal of bringing an Ebola vaccine product candidate licensed from the Public Health Agency of Canada closer to human clinical trials. The agreement provided funding of $1.0 million with additional funding subject to final negotiation and will fund Investigational New Drug (IND)-enabling preclinical toxicology studies and includes the manufacture of clinical materials. In September 2014, the agreement was modified to increase the amount of funding available prior to final agreement by an additional $1.9 million, bringing the total pre-contract funding to $2.9 million. Under the agreement, the Company may bill DTRA for 85% of the costs it incurs, and once the final contract is signed, the Company may bill DTRA for the remaining 15% of the costs. The Company has committed resources in excess of $8.4 million to further these studies.

In October 2014, the Company entered into the Genentech Agreement, which provides for the development of NLG919, the Company's IDO pathway inhibitor. The parties also entered into a research collaboration for the discovery of next generation IDO/TDO compounds. Under the terms of the agreement, the Company will receive an upfront non-refundable payment of $150.0 million. The Company will be eligible to receive in excess of $1 billion in milestone payments based on achievement of certain predetermined milestones as well as escalating royalties on potential commercial sales of multiple products by Genentech.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, and such statements are subject to the "safe harbor" created by those sections. Forward-looking statements are based on our management's beliefs and assumptions and on information available to our management as of the date hereof. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expect," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential" and similar expressions intended to identify forward-looking statements. Examples of these statements include, but are not limited to, statements regarding: our plans to develop and commercialize our product candidates; our ongoing and planned preclinical studies and clinical trials, including the timing for completion of enrollment and outcome of our Phase 3 clinical trial for our algenpantucel-L cancer immunotherapy; the timing of release of data from ongoing clinical studies; the timing of and our ability to obtain and maintain regulatory approvals for our product candidates; the clinical utility of our product candidates; our plans to leverage our existing technologies to discover and develop additional product candidates; our ability to quickly and efficiently identify and develop product candidates; our commercialization, marketing and manufacturing capabilities and strategy; our intellectual property position; the potential benefits of strategic collaboration agreements and our ability to enter into strategic arrangements; our estimates regarding expenses, future revenues, capital requirements and needs for additional financing; and other risks and uncertainties, including those described in Part II, Item 1A, "Risk Factors" of this Quarterly Report and in our other periodic reports filed from time to time with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the year ended December 31, 2013. Our actual results could differ materially from those discussed in our forward-looking statements for many reasons, including those risks. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

The following discussion and analysis should be read in conjunction with the unaudited financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Overview

We are a biopharmaceutical company focused on discovering, developing and commercializing novel immunotherapeutic products to improve treatment options for patients with cancer. Our portfolio includes biologic and small-molecule immunotherapy product candidates intended to treat a wide range of oncology indications. Our product candidates are designed to harness multiple components of the immune system to combat cancer without significant incremental toxicity, either as a monotherapy or in combination with other treatment regimens. We have two proprietary cancer immunotherapy technology platforms that independently stimulate immune activation and disrupt tumor-mediated immunosuppression; HyperAcute vaccines which induce immune activation and IDO (Indoleamine 2.3-dioxygenase) pathway inhibitors which block immunosuppression.

Our lead HyperAcute product candidate, algenpantucel-L (HyperAcute Pancreas) is being studied in two randomized Phase 3 clinical trials. The first trial, IMPRESS (Immunotherapy for Pancreatic Resectible Cancer Survival Study) has completed enrollment of 722 patients with resected pancreas cancer and is being performed under a Special Protocol Assessment, or SPA, with the United States Food and Drug Administration, or FDA. A second Phase 3 Trial, PILLAR (Pancreatic Immunotherapy with algenpantucel-L for Locally Advanced non-Resectible disease), is currently enrolling patients. We initiated these trials based on encouraging Phase 2 data that suggest improvement in both disease-free and overall survival. We have received Fast Track and Orphan Drug designations from the FDA for algenpantucel-L for the adjuvant treatment of patients with surgically-resected pancreatic cancer and Orphan Medicinal Product designation for algenpantucel-L from the European Commission. The primary endpoint for our IMPRESS trial with algenpantucel-L for patients with surgically-resected pancreatic cancer is overall survival and, as determined by the SPA, the first interim analysis was conducted when 222 deaths were reported for the study, which occurred during the quarter ending March 31, 2014. As part of this planned interim analysis, the independent data safety monitoring committee, or DSMC, met to review available patient data. As anticipated, following their review, the DSMC recommended that the study should proceed as planned, without modification. A second interim analysis is planned upon reaching 333 patient events and, if needed, a final analysis is planned at 444 patient events. Our additional HyperAcute product candidates in clinical development include tergenpumatucel-L (HyperAcute Lung), dorgenmeltucel-L (HyperAcute Melanoma), HyperAcute Prostate and HyperAcute Renal. To date, our HyperAcute product candidates have been dosed in more than 600 cancer patients, either as a monotherapy or in combination with other treatments and have demonstrated a favorable safety profile.

Our HyperAcute immunotherapy platform creates novel biologic products that are designed to stimulate the human immune system to recognize and attack cancer cells. HyperAcute product candidates are composed of human cancer cells that are tumor specific, but not patient specific. These cells have been modified to express alpha-gal, a carbohydrate for which humans have pre-existing immunity. These alpha-gal-modified cells stimulate a rapid and powerful human immune response that trains the body's natural defenses to seek out and destroy cancer cells. The objective of HyperAcute immunotherapies is to elicit an antitumor response by "educating" the immune system to attack a patient's own cancer cells. HyperAcute immunotherapies do not require any tissue from individual patients and use intact whole cells rather than cell fragments or purified proteins. We believe these unique properties of HyperAcute products result in the stimulation of a robust immune response.

In June 2014, we entered into a Development and Manufacturing Terms and Conditions and a Development and Process Transfer Program Leading to Commercial Manufacturing for algenpantucel-L HyperAcute Pancreas with WuXi AppTec, Inc., or WuXi, or collectively, the WuXi Agreement. The WuXi Agreement is intended to establish a source of supply for algenpantucel-L for commercial sale, if and when that drug is approved by the FDA. Under the WuXi Agreement, we granted WuXi a non-exclusive right to use certain starting materials and our confidential information to develop manufacturing processes and to manufacture cell material to be formulated into algenpantucel-L. WuXi will adapt facilities and equipment for production, generate batch records and other documents, perform studies and test manufacturing runs and conduct process validation and characterization.

In addition to our HyperAcute platform, we have an active drug discovery and clinical development program focused on the IDO (indoleamine-(2,3)-dioxygenase) pathway. Our IDO pathway inhibitors represent a key class of immune checkpoint inhibitors that are regarded as potential breakthrough approaches to cancer therapy. We currently have two distinct IDO pathway inhibitor product candidates in clinical development, indoximod and NLG919, with different and potentially complementary mechanisms of action. Additionally, we are conducting ongoing drug discovery work to explore new chemical entities, which inhibit IDO as well as a related target, TDO (tryptophan-2,3 dioxgynase), as potential new anticancer agents. Our most advanced IDO pathway inhibitor, indoximod, is in multiple Phase 1 and 2 clinical trials for the treatment of patients with breast, prostate, pancreas, and brain cancers. Additionally, NLG919 is currently in Phase 1 clinical development for patients with recurrent advanced solid tumors. We have generated encouraging preclinical data that demonstrate the potential of combining multiple immunotherapies including multiple checkpoint inhibitors that target the IDO pathway for enhanced anti-tumor activity.

Our small molecule IDO pathway inhibitor drug candidates are designed to counteract immunosuppressive effects of the IDO pathway, a fundamental mechanism regulating immune response. In many different cancers, IDO can be overexpressed directly either on cancer cells or by antigen presenting cells in the tumor microenvironment, representing a substantial drug development opportunity. When IDO is expressed by developing cancers, IDO pathway activity creates an immunosuppressive environment that shifts the immune response from anti-cancer to cancer tolerance. Multiple elements of the immune system are affected by this shift, including T-cells, regulatory T-cells, and dendritic cells, resulting in the survival of malignant cells that might otherwise be recognized and attacked by the immune system. Inhibiting the IDO pathway reprograms the immune response from tolerance back to an active anti-cancer response.

In October 2014, we entered into an exclusive worldwide license agreement with Genentech, Inc., a member of the Roche Group, or Genentech, for the development and commercialization of NLG919, one of the Company's IDO (indoleamine 2.3-dioxygenase) pathway inhibitors, and a research collaboration for the discovery of next generation IDO and TDO (tryptophan-2.3 dioxygenase) pathway inhibitors, or the Genentech Agreement. Under the terms of the agreement, the Company will receive an upfront non-refundable payment of $150 million. The Company will be eligible to receive in excess of $1 billion in milestone payments based on achievement of certain predetermined milestones as well as escalating royalties on potential commercial sales of multiple products by Genentech. The Company did not license indoximod under the Genentech Agreement, and expects to continue its development.

BioProtection Systems Corporation, or BPS, was founded by us in 2005 to research, develop and commercialize vaccines to control the spread of emerging lethal viruses and infectious diseases, improve the efficacy of existing vaccines and provide rapid-response prophylactic and therapeutic treatment for pathogens most likely to enter the human population through pandemics or acts of bioterrorism. BPS is based on three core technologies, each of which can be leveraged into the infectious disease or biodefense fields.

The first technology is a replication-competent recombinant vesicular stomatitis virus, or rVSV, an advanced vaccine technology developed for the Ebola and Marburg viruses. This platform, licensed from the government of Canada, utilizes the rVSV vector to induce immunity against Ebola and Marburg viruses when replacing the VSV glycoprotein with corresponding glycoproteins from filoviruses.

In October 2014, two Phase 1 clinical trials for the Company's Ebola vaccine product candidate (VSV) ZEBOV were initiated, one at the Walter Reed Army Institute of Research in Silver Springs, Maryland, United States and the second at the National Institute of Allergy and Infectious Diseases at the National Institute of Health Clinical Center in Bethesda, Maryland. The Phase 1 clinical trials will test the vaccine on healthy volunteers to assess its safety and toxicity. The trials will also evaluate whether the vaccine induces an immune response to Ebola virus and will assess the appropriate dosage. The Company's Phase 1 clinical trials are expected to have the last dose delivered to volunteers by January 2015, with final data collection for safety and tolerability estimated to be completed in 2015 and estimated study completion dates in 2016.

The second technology is our HyperAcute immunotherapy, which BPS is currently using to focus on enhancing vaccines for infectious diseases. We have been investigating HyperAcute recombinant vaccine candidates using H1N1, H5N1 and H7N9 influenza viruses in animal experiments. Other HyperAcute recombinant infectious disease vaccines are currently under investigation.

The third technology is based on a yellow fever virus platform, which integrates our HyperAcute immunotherapy mechanism in the development of a yellow fever vaccine. In parallel, the yellow fever virus platform is also being used to develop combination vaccines to protect against yellow fever and other viruses (such as Hepatitis B).

We incurred net losses of $5.6 million, and $24.0 million, for the three and nine months ended September 30, 2014, respectively. We expect our losses to increase over the next several years as we advance our product candidates through late-stage clinical trials, pursue regulatory approval of our product candidates, and begin to build our commercialization activities in anticipation of one or more of our product candidates receiving marketing approval.

On October 25, 2011, we filed a Certificate of Amendment of our Restated Certificate of Incorporation with the Secretary of State of Delaware effecting a 2.1-for-one reverse split of our common stock. All share and per share amounts have been retroactively restated where applicable in the accompanying financial statements and notes for all periods presented.

Financial Overview

Revenues

During the three and nine month periods ending September 30, 2014, and September 30, 2013, we did not generate any revenue from product sales. We generated $2.8 million and $3.3 million in grant revenue for the three and nine months ended September 30, 2014, respectively, which is primarily attributable to research and development being performed by our subsidiary, BPS, under contracts and grants with the Department of Defense, or DOD, and the National Institutes of Health, or NIH. The increase in grant revenue during the three months ended September 30, 2014 relative to the prior three month period is primarily due to contracts related to the development of an Ebola vaccine product candidate by BPS.

In the future, we may generate revenue from a variety of sources, including product sales (if we develop products that are approved for sale), license fees, and milestone, research and development and royalty payments in connection with strategic collaborations or licenses of our intellectual property. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of license fees, research and development reimbursements, milestone and other payments we may receive under potential strategic collaborations, and the amount and timing of payments we may receive upon the sale of any products, if approved, to the extent any are successfully commercialized. If we fail to complete the development of our product candidates in a timely manner or to obtain regulatory approval for them, our ability to generate future revenue, and our results of operations and financial position, would be materially adversely affected.

Research and Development Expenses

Research and development expenses consist of expenses incurred in connection with the discovery and development of our product candidates. These expenses consist primarily of:

- employee-related expenses, which include salaries, bonuses, benefits and share-based compensation;
- the cost of acquiring and manufacturing clinical trial materials;
- expenses incurred under agreements with contract research organizations, investigative sites and consultants that conduct our clinical trials and a substantial portion of our preclinical studies;

- facilities, depreciation of fixed assets and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities and equipment related to research and development;
- expenses incurred under agreements with contract manufacturing organizations;
- license fees for and milestone payments related to in-licensed products and technology;
- costs associated with non-clinical activities and regulatory approvals; and
- expenses incurred under agreements to license our product candidates.

We expense research and development expenses as incurred.

Product candidates in late stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size, duration and complexity of later stage clinical trials. We plan to increase our research and development expenses for the foreseeable future as we seek to complete development of our most advanced product candidates, and to further advance our earlier-stage research and development projects. The following tables summarize our research and development expenses for the periods indicated:

Research and Development Expenses by Product
(In thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
HyperAcute immunotherapy technology	$ 5,795	$ 4,620	$ 15,374	$ 12,331
IDO pathway inhibitor technology	1,723	997	4,126	3,917
Other research and development	3,378	508	4,260	1,257
Total research and development expenses	$ 10,896	$ 6,125	$ 23,760	$ 17,505

Other research and development primarily consists of expenses of BPS related to developing our infectious disease technologies.

Research and Development Expenses by Category
(In thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Compensation	$ 3,039	$ 2,264	$ 9,219	$ 6,801
Equipment, supplies and occupancy	1,354	1,668	4,103	4,407
Outside clinical and other	6,503	2,193	10,438	6,297
Total research and development expenses	$ 10,896	$ 6,125	$ 23,760	$ 17,505

At this time, we cannot accurately estimate or know the nature, specific timing or costs necessary to complete clinical development activities for our product candidates. We are subject to the numerous risks and uncertainties associated with developing biopharmaceutical products including the uncertain cost and outcome of ongoing and planned clinical trials, the possibility that the FDA or another regulatory authority may require us to conduct clinical or non-clinical testing in addition to trials that we have planned, rapid and significant technological changes, frequent new product and service introductions and enhancements, evolving industry standards in the life sciences industry and our future need for additional capital. In addition, we currently have limited clinical data concerning the safety and efficacy of our product candidates. A change in the outcome of any of these variables with respect to the development of any of our product candidates could result in a significant change in the costs and timing of our research and development expenses.

General and Administrative Expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive, finance, business development, information technology, legal and human resources functions. Other general and administrative expenses include facility costs not otherwise associated with research and development expenses, intellectual property prosecution and defense costs and professional fees for legal, consulting, auditing and tax services.

We anticipate that our general and administrative expenses will continue to increase over the next several years for, among others, the following reasons:

- we expect our general and administrative expenses to increase as a result of increased payroll, expanded infrastructure and higher consulting, legal, auditing and tax services and investor relations costs, and director and officer insurance premiums associated with being a public company;
- we expect to incur increased general and administrative expenses to support our research and development activities, which we expect to expand as we continue to advance the clinical development of our product candidates; and
- we expect to incur increased expenses related to the planned sales and marketing of our product candidates, which may include recruiting a specialty sales force, in anticipation of commercial launch before we receive regulatory approval, if any, of a product candidate.

Interest Income and Interest Expense

Interest income consists of interest earned on our cash and cash equivalents and certificates of deposit. The primary objective of our investment policy is capital preservation. We expect our interest income to increase as we invest the net proceeds from our offerings pending their use in our operations.

Interest expense consists primarily of interest and amortization of deferred financing costs associated with our notes payable and obligations under capital leases.

Tax Loss Carryforwards

The valuation allowance for deferred tax assets as of September 30, 2014 and December 31, 2013 was $26.1 million and $25.2 million, respectively. The net change in the total valuation allowance for the three months ended September 30, 2014 and 2013 was an increase of $900,000 and $5.7 million, respectively. In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities, projected taxable income, and tax planning strategies in making this assessment. Valuation allowances have been established for the entire amount of the net deferred tax assets as of September 30, 2014 and December 31, 2013, due to the uncertainty of future recoverability.

As of September 30, 2014 and December 31, 2013, we had federal net operating loss carryforwards of $87.3 million and $87.3 million and federal research credit carryforwards of $4.5 million and $4.3 million, respectively, that expire at various dates from 2019 through 2034. Sections 382 and 383 of the Internal Revenue Code limit a corporation’s ability to utilize its net operating loss carryforwards and certain other tax attributes (including research credits) to offset any future taxable income or tax if the corporation experiences a cumulative ownership change of more than 50% over any rolling three year period. State net operating loss carryforwards (and certain other tax attributes) may be similarly limited. An ownership change can therefore result in significantly greater tax liabilities than a corporation would incur in the absence of such a change and any increased liabilities could adversely affect the corporation’s business, results of operations, financial condition and cash flow.

Based on analysis from inception through December 31, 2013, we experienced Section 382 ownership changes in September 2001 and March 2003 and BPS experienced Section 382 ownership changes in January 2006 and January 2011. These ownership changes limit our ability to utilize federal net operating loss carryforwards (and certain other tax attributes) that accrued prior to our ownership changes and those of BPS. Additional ownership changes may have occurred subsequent to December 31, 2013 and may occur in the future as a result of events over which the Company will have little or no control, including purchases and sales of the Company’s equity by its 5% stockholders, the emergence of new 5% stockholders, additional equity offerings or redemptions of the Company’s stock or certain changes in the ownership of any of the Company’s 5% stockholders.

Additional analysis will be required to determine whether changes in our ownership since December 31, 2013 have occurred. Any such change could result in significant limitations on some or all of our net operating loss carryforwards and other tax attributes.

Even if another ownership change has not occurred, additional ownership changes may occur in the future as a result of events over which we will have little or no control, including purchases and sales of our equity by our 5% stockholders, the emergence of new 5% stockholders, additional equity offerings or redemptions of our stock or certain changes in the ownership of any of our 5% stockholders.

For the nine months ended September 30, 2014 and 2013, the Company incurred an income tax benefit of $7.4 million and $0, respectively. Our estimated effective annual tax rate at September 30, 2014 has changed due to the projected impact of the Genentech Agreement.

Critical Accounting Policies and Significant Judgments and Estimates

We have prepared our financial statements in accordance with United States generally accepted accounting principles. Our preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, expenses and related disclosures at the date of the financial statements, as well as revenues and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions. We have reviewed our critical accounting policies and estimates with the Audit Committee of our Board of Directors.

Our Annual Report on Form 10-K for the year ended December 31, 2013, discusses our most critical accounting policies. Since December 31, 2013, there have been no material changes in the critical accounting policies discussed in the 2013 Annual Report.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In June 2014, the FASB issued ASU No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. The ASU eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in the ASU will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company early adopted this standard effective June 30, 2014. Adoption of this standard did not have a material impact on our condensed consolidated financial statements.

Results of Operations

Comparison of the Three Months Ended September 30, 2014 and 2013

Revenues. Revenues for the three months ended September 30, 2014 were $2.8 million, increasing from $265,000 for the same period in 2013. The increase in revenue of $2.5 million was due to an increase in grant revenue earned by BPS under various DOD contracts, including primarily contracts related to the development of an Ebola vaccine product candidate.

Research and Development Expenses. Research and development expenses for the three months ended September 30, 2014 were $10.9 million, increasing from $6.1 million for the same period in 2013. The $4.8 million increase was due to an increase of $3.9 million in contract manufacturing and consulting expenses for work being done due to expanded activities, accompanied by a $775,000 increase in personnel-related expenses, a $379,000 increase in clinical trial expense, and offset by a $244,000 decrease in supplies. The increase in clinical trial, manufacturing and consulting expenses is primarily attributable to the development of an Ebola vaccine product candidate and the increase in personnel-related expense is attributable to both increases in headcount and compensation levels, including share-based compensation.

General and Administrative Expenses. General and administrative expenses for the three months ended September 30, 2014 were $4.9 million, increasing from $2.3 million for the same period in 2013. The $2.6 million increase was primarily due to an increase of $1.9 million in share-based compensation expense, which includes $1.7 million in share-based compensation resulting from the vesting in full of one employee's options upon the employee's termination during the three months ended September 30, 2014, accompanied by increases of $331,000 in wages and employee benefits, $249,000 in legal and consulting, and $142,000 in insurance and other expenses.

Income Tax Benefit. Our estimated effective annual tax rate at September 30, 2014 has changed due to the projected impact of the Genentech Agreement.

Net Loss. Net loss for the three months ended September 30, 2014 was $5.6 million, decreasing from $8.1 million for the same period in 2013 due to the changes in revenue earned, research and development and general and administrative expenses and income tax benefits discussed above. The weighted average common shares outstanding for the first quarter 2014 were 27.9 million, resulting in a loss per share of $0.20, as compared to 25.7 million and $0.32 per share for third quarter 2013. The increase in the number of weighted average common shares outstanding was primarily attributable to shares issued in our ATM Offering during the fourth quarter of 2013 and the first quarter of 2014.

Comparison of the Nine Months Ended September 30, 2014 and 2013

Revenues. Revenues for the nine months ended September 30, 2014 were $3.3 million, increasing from $799,000 for the same period in 2013. The increase in revenue of $2.5 million was due to an increase in revenue earned by BPS under various DOD contracts.

Research and Development Expenses. Research and development expenses for the nine months ended September 30, 2014 were $23.8 million, increasing from $17.5 million for the same period in 2013. The $6.3 million increase was due to a $3.2 million increase in contract research and manufacturing expense, accompanied by an increase of $2.4 million in personnel-related expenses, $585,000 increase in clinical trial expense and $356,000 in consulting fees and other expenses. offset by a $304,000 decrease in equipment and supplies. The increase in contract research and manufacturing and consulting fees is primarily attributable to the development of an Ebola vaccine product candidate, and the increase in personnel-related expense is attributable to both increases in headcount and compensation levels, including share-based compensation.

General and Administrative Expenses. General and administrative expenses for the nine months ended September 30, 2014 were $11.0 million, increasing from $6.5 million for the same period in 2013. The $4.5 million increase was primarily due to an increase of $3.3 million in personnel-related expenses, including share-based compensation expense, which includes $1.7 million in share-based compensation resulting from the vesting in full of one employee's options upon the employee's termination during the three months ended September 30, 2014, accompanied by $691,000 in other expenses and increases of $599,000 in legal and consulting fees.

Income Tax Benefit. Our estimated effective annual tax rate at September 30, 2014 has changed due to the projected impact of the Genentech Agreement.

Net Loss. Net loss for the nine months ended September 30, 2014 was $24.0 million increasing from $23.1 million for the same period in 2013 due to the changes in revenue earned, research and development, and general and administrative expenses discussed above. The weighted average common shares outstanding for the first nine months of 2014 were 27.8 million, resulting in a loss per share of $0.86, as compared to 25.1 million and $0.92 per share for first nine months of 2013. The increase in the number of weighted average common shares outstanding was primarily attributable to shares issued in our ATM Offering during the fourth quarter of 2013 and the first quarter of 2014.

Liquidity and Capital Resources

Before our IPO, we funded our operations principally through the private placement of equity securities, debt financing and interest income.

Since our IPO, we have funded our operations principally through public offerings of common stock. On November 16, 2011, we received proceeds, net of offering costs, of $37.6 million from the issuance of 6.2 million shares of common stock in our IPO. On February 4, 2013, we received proceeds, net of offering costs, of $49.0 million from the issuance of 4.6 million shares of common stock in our follow-on offering. We entered into a Sales Agreement with Cantor Fitzgerald & Co., dated as of September 5, 2013, or the Cantor Agreement, under which we may sell up to $60.0 million of our common stock in one or more placements at prevailing market prices. Any such sales would be effected pursuant to our registration statement on Form S-3 (333-185721), declared effective by the the SEC on January 4, 2013. As of March 31, 2014, we had sold 1.8 million shares under the ATM Offering, raising a total of $45.0 million in net proceeds. Subsequent to March 31, 2014 and through the date of this filing, we sold no additional shares of common stock under the ATM Offering.

In October 2014, we entered into the Genentech Agreement. Under the terms of the agreement, we will receive an upfront non-refundable payment of $150 million. We will be eligible to receive in excess of $1 billion in milestone payments based on achievement of certain predetermined milestones as well as escalating royalties on potential commercial sales of multiple products by Genentech.

As of September 30, 2014, we had cash, cash equivalents and certificates of deposit of approximately $67.7 million. The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods set forth below:

Sources and Uses of Cash and Cash Equivalents
(in thousands)

	Nine Months Ended September 30,	
	2014	2013
Net cash used in operating activities	$ (21,609)	$ (17,756)
Net cash (used in) provided by investing activities	(17,731)	214
Net cash provided by financing activities	29,119	49,256
Net decrease in cash and cash equivalents	$ (10,221)	$ 31,714

For the nine months ended September 30, 2014 and 2013, we used cash of $21.6 million and $17.8 million for our operating activities, respectively. The cash used by operating activities in the nine months ended September 30, 2014 primarily resulted from our net loss of $24.0 million, offset by non-cash expenses of $7.7 million (primarily share-based compensation and depreciation) but increased by changes in operating assets and liabilities of $5.2 million. The cash used by operating activities in the nine months ended September 30, 2013 primarily resulted from our net loss of $23.1 million, offset by non-cash expenses of $3.8 million, and offset by changes in operating assets and liabilities of $1.6 million.

For the nine months ended September 30, 2014 and 2013, our investing activities used cash of $17.7 million and provided cash of $214,000, respectively. The cash used in investing activities in the nine months ended September 30, 2014 primarily was a result of the purchase of investments for $16.4 million and the purchase of fixed assets of $1.3 million. The cash provided by investing activities in the nine months ended September 30, 2013 was primarily a result of the maturity of certificates of deposit of $1.5 million, offset by the purchase of equipment of $1.3 million.

For the nine months ended September 30, 2014 and 2013, our financing activities provided $29.1 million and $49.3 million, respectively. The cash provided by financing activities in the nine months ended September 30, 2014 was primarily due to the sale and issuance of common stock of $27.5 million, accompanied by the exercise of stock options of $1.6 million, offset by the repurchase of common stock of $222,000. The cash provided by financing activities in the nine months ended September 30, 2013 was primarily due to the sale and issuance of common stock of $49.4 million.

Operating Capital Requirements

We anticipate that we will continue to generate significant operating losses in the future as we incur expenses related to the research and development of our HyperAcute immunotherapy and IDO pathway inhibitor product candidates, build commercial capabilities and expand our corporate infrastructure. Including the funds received from our follow-on public offering in February 2013 and the funds received to date from our ATM Offering, we believe that we have sufficient cash and cash equivalents and certificates of deposit to fund our operations well into 2015, although not through commercialization and launch of revenue producing products. Finally, if the Hart-Scott-Rodino waiting period with respect to the Genentech Agreement expires in 2014, as expected, the Company estimates that it will have approximately $180 million in cash, cash equivalents and certificates of deposit as of December 31, 2014.

We may seek to sell additional equity securities, which may include sales of our common stock pursuant to the Cantor Agreement, if any, or otherwise, or debt securities or to obtain a credit facility if our available cash and cash equivalents are insufficient to satisfy our liquidity requirements or if we develop additional opportunities to do so. The sale of additional equity and debt securities may result in additional dilution to our stockholders. If we raise additional funds through the issuance of debt securities or preferred stock, these securities could have rights senior to those of our common stock and could contain covenants that would restrict our operations. We may require additional capital beyond our currently forecasted amounts. Any such required additional capital may not be available on reasonable terms, if at all. If we are unable to obtain additional financing, we may be required to reduce the scope of, delay or eliminate some or all of our planned research, development and commercialization activities, which could harm our business.

Because of the numerous risks and uncertainties associated with research, development and commercialization of biopharmaceutical products, we are unable to estimate the exact amounts of our working capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, progress, results and costs of clinical trials for our product candidates, and discovery and development activities related to new product candidates;
- the timing of, and the costs involved in, obtaining regulatory approvals for our product candidates;
- the cost of commercialization activities if any of our product candidates are approved for sale, including marketing, sales, distribution and facilities and occupancy costs;
- the cost of manufacturing our product candidates and any products we commercialize, including our costs under the WuXi Agreement, whether or not a sufficient quantity of cell material is manufactured under that agreement;
- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- whether, and to what extent, we are required to repay our outstanding government provided loans;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and
- the timing, receipt and amount of sales of, or royalties on, our future products, if any.

Contractual Obligations and Commitments

In June 2014, we entered into a Development and Manufacturing Terms and Conditions and a Development and Process Transfer Program Leading to Commercial Manufacturing for algenpantucel-L HyperAcute Pancreas with WuXi AppTec, Inc., or WuXi, or collectively, the WuXi Agreement. The WuXi Agreement is intended to establish a source of supply for algenpantucel-L for commercial sale, if and when that drug is approved by the FDA. Under the WuXi Agreement, we granted WuXi a non-exclusive right to use certain starting materials and our confidential information to develop manufacturing processes and to manufacture cell material to be formulated into algenpantucel-L. WuXi will adapt facilities and equipment for production, generate batch records and other documents, perform studies and test manufacturing runs and conduct process validation and characterization.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to changes in interest rates. As of September 30, 2014 and December 31, 2013, we had cash and cash equivalents and certificates of deposit of $67.7 million and $61.5 million, respectively, consisting of money market funds and bank certificates of deposit. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of United States interest rates, particularly because our investments are in certificates of deposit. Our certificates of deposit are subject to interest rate risk and will fall in value if market interest rates increase. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our portfolio. We expect to have the ability to hold our certificates of deposit until maturity, and therefore we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a change in market interest rates on our investments.

Our long-term debt and our capital lease obligations bear interest at fixed rates. Any change in interest rates would have an immaterial impact on our financial statements.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by the Securities Exchange Act of 1934, as amended, or the Exchange Act, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of September 30, 2014. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2014, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC and to provide reasonable assurance 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 disclosures.

Changes in Internal Control over Financial Reporting

We implemented a new enterprise resource planning, or ERP, system in the third quarter of 2013. As of September 30, 2014, the ERP system was used for certain manufacturing and finance purposes and we expect the ERP system to be used for other manufacturing and finance functions in 2014. The new ERP system did not eliminate any existing controls over financial reporting. In addition, the ERP system can support internal controls over some processes and accounts that our previous accounting system did not support.

With the exception of the new ERP system, there were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. In evaluating our business, investors should carefully consider the following risk factors. These risk factors contain, in addition to historical information, forward-looking statements that involve substantial risks and uncertainties. Our actual results could differ materially from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below. The order in which the following risks are presented is not intended to reflect the magnitude of the risks described. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Business Risks

Risks Relating to Clinical Development and Commercialization of Our Product Candidates

Our near term prospects are highly dependent on algenpantucel-L for patients with resected pancreatic cancer. If we fail to complete, or fail to demonstrate safety and efficacy in clinical trials, fail to obtain regulatory approval or fail to successfully commercialize algenpantucel-L, our business would be harmed and the value of our securities would likely decline.

We must be evaluated in light of the uncertainties and complexities affecting a development stage biopharmaceutical company. We have not completed clinical development for any of our products. Our most advanced product candidate is algenpantucel-L. The FDA must approve algenpantucel-L before it can be marketed or sold. Our ability to obtain FDA approval of algenpantucel-L depends on, among other things, completion of one or both of our Phase 3 clinical trials, whether our Phase 3 clinical trials of algenpantucel-L demonstrate statistically significant achievement of the applicable clinical trial endpoints with no significant safety issues and whether the FDA agrees that the data from either of our Phase 3 clinical trials of algenpantucel-L are sufficient to support approval. The final results of our Phase 3 clinical trials of algenpantucel-L may not meet the FDA's requirements to approve the product for marketing, and the FDA may otherwise determine that our manufacturing processes, facilities or raw materials are insufficient to warrant approval. We may need to conduct more clinical trials than we currently anticipate. Furthermore, even if we do receive FDA approval, we may not be successful in commercializing algenpantucel-L. If any of these events occur, our business could be materially harmed and the value of our common stock would likely decline.

If our product candidates do not meet safety and efficacy endpoints in clinical trials, they will not receive regulatory approval, and we will be unable to market them. We have not completed testing of any of our product candidates in controlled clinical trials.

The clinical development and regulatory approval process is expensive and time-consuming. The timing of any future product approval cannot be accurately predicted. If we fail to obtain regulatory approval for our current or future product candidates, we will be unable to market and sell them and therefore we may never be profitable.

As part of the regulatory process, we must conduct clinical trials for each product candidate to demonstrate safety and efficacy to the satisfaction of the FDA and other regulatory authorities abroad. The number and design of clinical trials that will be required varies depending on the product candidate, the condition being evaluated, the trial results and regulations applicable to any particular product candidate.

Prior clinical trial program designs and results are not necessarily predictive of future clinical trial designs or results. Initial results may not be confirmed upon full analysis of the detailed results of a trial. Product candidates in later stage clinical trials may fail to show the desired safety and efficacy despite having progressed through initial clinical trials with acceptable endpoints.

In particular, there have been no control groups in our clinical trials completed to date. While comparisons to results from other reported clinical trials can assist in predicting the potential efficacy of algenpantucel-L, there are many factors that affect the outcome for patients in clinical trials, some of which are not apparent in published reports, and results from two different trials cannot always be reliably compared. As a result, we are studying algenpantucel-L in combination with the current standard-of-care in direct comparison to the current standard-of-care alone in the same trial and will need to show a statistically significant benefit when added to the current standard-of-care in order for algenpantucel-L to be approved as a marketable drug. Patients in our Phase 3 study who do not receive algenpantucel-L may not have results similar to patients studied in the other studies we have

used for comparison to our Phase 2 studies. If the patients in our Phase 3 study who receive standard-of-care without algenpantucel-L have results which are better than the results predicted by the other large studies, we may not demonstrate a sufficient benefit from algenpantucel-L to allow or convince the FDA to approve it for marketing.

Our HyperAcute product candidates are based on a novel technology, which may raise development issues we may not be able to resolve, regulatory issues that could delay or prevent approval or personnel issues that may keep us from being able to develop our product candidates.

Our HyperAcute product candidates are based on our novel HyperAcute immunotherapy technology. In the course of developing this technology and these product candidates, we have encountered difficulties in the development process. There can be no assurance that additional development problems, which we may not be able to resolve or which may cause significant delays in development, will not arise in the future.

Regulatory approval of novel product candidates such as ours can be more expensive and take longer than for other, more well-known or extensively studied pharmaceutical or biopharmaceutical products, due to our and regulatory agencies' lack of experience with them. This may lengthen the regulatory review process, require us to conduct additional studies or clinical trials, including post-approval studies or clinical trials, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of these product candidates or lead to significant post-approval limitations or restrictions. For example, the two cell lines that comprise algenpantucel-L are novel and complex therapeutics that we have endeavored to better characterize so that their identity, strength, quality, purity and potency may be compared among batches created from different manufacturing methods. We currently lack the manufacturing capacity necessary for larger-scale production. If we make any changes to our current manufacturing methods or cannot design assays that satisfy the FDA's expectations regarding the equivalency of such therapeutics in the laboratory, the FDA may require us to undertake additional clinical trials.

The novel nature of our product candidates also means that fewer people are trained in or experienced with product candidates of this type, which may make it difficult to find, hire and retain capable personnel for research, development and manufacturing positions.

Our Special Protocol Assessment, or SPA, with the FDA relating to our algenpantucel-L IMPRESS (Immunotherapy for Pancreatic Resectable Cancer Survival Study) Phase 3 clinical trial does not guarantee any particular outcome from regulatory review of the trial or the product candidate, including any regulatory approval.

The protocol for our algenpantucel-L IMPRESS Phase 3 clinical trial was reviewed by the FDA under its SPA process, which allows for FDA evaluation of a clinical trial protocol intended to form the primary basis of an efficacy claim in support of a Biologics License Application, or BLA, and provides an agreement that the study design, including trial size, clinical endpoints and/or data analyses are acceptable to the FDA. However, the SPA agreement is not a guarantee of approval. The FDA retains the right to require additional Phase 3 testing, and we cannot be certain that the design of, or data collected from the IMPRESS Phase 3 clinical trial will be adequate to demonstrate the safety and efficacy of algenpantucel-L for the treatment of patients with pancreatic cancer, or otherwise be sufficient to support FDA or any foreign regulatory approval. In addition, the survival rates, duration of response and safety profile required to support FDA approval are not specified in the IMPRESS Phase 3 clinical trial protocol and will be subject to FDA review. Although the SPA agreement calls for review of interim data at certain times prior to completion, there is no assurance that any such review, even if such interim data are positive, will result in early approval. Further, the SPA agreement is not binding on the FDA if public health concerns unrecognized at the time the SPA agreement was entered into become evident, other new scientific concerns regarding product safety or efficacy arise, or if we fail to comply with the agreed upon trial protocols. In addition, the SPA agreement may be changed by us or the FDA on written agreement of both parties, and the FDA retains significant latitude and discretion in interpreting the terms of the SPA agreement and the data and results from the IMPRESS Phase 3 clinical trial. As a result, we do not know how the FDA will interpret the parties' respective commitments under the SPA agreement, how it will interpret the data and results from the IMPRESS Phase 3 clinical trial, or whether algenpantucel-L will receive any regulatory approvals as a result of the SPA agreement or the IMPRESS Phase 3 clinical trial. Therefore, significant uncertainty remains regarding the clinical development and regulatory approval process for algenpantucel-L for the treatment of patients with pancreatic cancer.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we must focus on research programs and product candidates for the specific indications that we believe are the most scientifically and commercially promising. As a result, we have in the past determined to let certain of our development projects remain idle including by allowing Investigational New Drug applications

to lapse into inactive status, and we may in the future decide to forego or delay pursuit of opportunities with other product candidates or other indications that later prove to have greater scientific or commercial potential. We are currently allocating significant resources to the development of an Ebola vaccine product candidate, and these efforts may ultimately prove unsuccessful or unprofitable, and may divert our resources from the development and commercialization of our other product candidates. Our resource allocation decisions may cause us to fail to capitalize on viable scientific or commercial products or profitable market opportunities. In addition, we may spend valuable time and managerial and financial resources on research programs and product candidates for specific indications that ultimately do not yield any scientifically or commercially viable products. Furthermore, our resource allocation decisions, and our decisions about whether and how to develop or commercialize any particular product candidate may be based on evaluations of the scientific and commercial potential or target market for the product candidate that later prove to be materially inaccurate. If we enter into collaborations, licensing or other royalty arrangements to develop or commercialize a particular product candidate, we may relinquish valuable rights to that product candidate in situations where it would have been more advantageous for us to retain sole rights to development and commercialization.

We may face delays in completing our clinical trials, or we may not be able to complete them at all.

We have not completed all the clinical trials necessary to support an application with the FDA for approval to market any of our product candidates. Our current and future clinical trials may be delayed or terminated as a result of many factors, including:

- we may experience delays or failure in reaching agreement on acceptable clinical trial contracts or clinical trial protocols with prospective sites;
- regulators or institutional review boards may not authorize us to commence a clinical trial;
- regulators or institutional review boards may suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or concerns about patient safety;
- we may suspend or terminate our clinical trials if we believe that they expose the participating patients to unacceptable health risks;
- our clinical trials may have slower than expected patient enrollment or lack of a sufficient number of patients that meet their enrollment criteria;
- patients may not complete clinical trials due to safety issues, side effects, dissatisfaction with the product candidate, or other reasons;
- we may experience difficulty in maintaining contact with patients after treatment, preventing us from collecting the data required by our study protocol;
- product candidates may demonstrate a lack of efficacy during clinical trials;
- we may experience governmental or regulatory delays, failure to obtain regulatory approval or changes in regulatory requirements, policy and guidelines;
- enrollment in and conduct of our clinical trials may be adversely affected by competition with ongoing clinical trials and scheduling conflicts with participating clinicians; and
- we may experience delays in achieving study endpoints and completing data analysis for a trial.

In addition, we rely on academic institutions, physician practices and clinical research organizations to conduct, supervise or monitor some or all aspects of clinical trials involving our product candidates. We have less control over the timing and other aspects of these clinical trials than if we conducted the monitoring and supervision entirely on our own. Third parties may not perform their responsibilities for our clinical trials on our anticipated schedule or consistent with a clinical trial protocol or applicable regulations. We also may rely on clinical research organizations to perform our data management and analysis. They may not provide these services as required or in a timely or compliant manner.

Moreover, our development costs will increase if we are required to complete additional or larger clinical trials for the HyperAcute product candidates, indoximod, other IDO pathway inhibitor product candidates such as NLG919, or our Ebola vaccine product candidate prior to FDA approval. If the delays or costs are significant, our financial results and ability to commercialize the HyperAcute product candidates, indoximod, NLG919, or our Ebola vaccine product candidate, or other future product candidates will be adversely affected.

If we encounter difficulties enrolling patients in our clinical trials, our clinical trials could be delayed or otherwise adversely affected.

Clinical trials for our product candidates require us to identify and enroll a large number of patients with the disease under investigation, or, in the case of our Ebola vaccine product candidate, healthy volunteers willing to participate in the trials. We may not be able to enroll a sufficient number of patients, or those with required or desired characteristics to achieve diversity in a study, to complete our clinical trials in a timely manner. Patient enrollment is affected by factors including:

- severity of the disease under investigation;

- design of the trial protocol;
- the size of the patient population;
- eligibility criteria for the study in question;
- perceived risks and benefits of the product candidate under study;
- in the case of Ebola vaccine product candidate trials, changes in media coverage of the current Ebola epidemic;
- availability of competing therapies and clinical trials;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment; and
- proximity and availability of clinical trial sites for prospective patients.

We have experienced difficulties enrolling patients in certain of our smaller clinical trials due to lack of referrals and may experience similar difficulties in the future. We may experience difficulty enrolling healthy volunteers in our current or any future clinical trials for our Ebola vaccine product candidate due to the perceived risks of receiving the Ebola vaccine product candidate, a decrease or increase in public attention on Ebola or other factors. If we have difficulty enrolling a sufficient number or diversity of patients to conduct our clinical trials as planned, we may need to delay or terminate ongoing or planned clinical trials, either of which would have an adverse effect on our business.

In addition, the inclusion of critically ill patients in our clinical trials may result in deaths or other adverse medical events for reasons that may not be related to the product candidate we are testing or, in those trials where our product candidate is being tested in combination with one or more other therapies, for reasons that may be attributable to such other therapies, but which can nevertheless negatively affect clinical trial results.

Regulatory authorities may not approve our product candidates even if they meet safety and efficacy endpoints in clinical trials.

We have discussions with and obtain guidance from regulatory authorities regarding certain aspects of our clinical development activities. These discussions are not binding commitments on the part of regulatory authorities. Under certain circumstances, regulatory authorities may revise or retract previous guidance during the course of our clinical activities or after the completion of our clinical trials. A regulatory authority may also disqualify a clinical trial in whole or in part from consideration in support of approval of a potential product for commercial sale or otherwise deny approval of that product. Prior to regulatory approval, a regulatory authority may elect to obtain advice from outside experts regarding scientific issues and/or marketing applications under a regulatory authority review. In the United States, these outside experts are convened through the FDA's Advisory Committee process, which would report to the FDA and make recommendations that may differ from the views of the FDA. Should an Advisory Committee be convened, it would be expected to lengthen the time for obtaining regulatory approval, if such approval is obtained at all.

The FDA and other foreign regulatory agencies can delay, limit or deny marketing approval for many reasons, including:

- a product candidate may not be considered safe or effective;
- our manufacturing processes or facilities may not meet the applicable requirements; and
- changes in their approval policies or adoption of new regulations may require additional work on our part.

Any delay in, or failure to receive or maintain, approval for any of our product candidates could prevent us from ever generating meaningful revenues or achieving profitability.

Our product candidates may not be approved even if they achieve their endpoints in clinical trials. Regulatory agencies, including the FDA, or their advisors may disagree with our trial design and our interpretations of data from preclinical studies and clinical trials. Regulatory agencies may change requirements for approval even after a clinical trial design has been approved. Regulatory agencies also may approve a product candidate for fewer or more limited indications than requested or may grant approval subject to the performance of post-marketing studies. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates.

Our Ebola vaccine product candidate is a live virus vaccine based upon vesicular stomatitis virus (VSV). There are no commercial vaccines based upon this virus, so the time and cost of product development and the timeframe for regulatory approval, if any, are uncertain and may be longer and more costly than we estimate.

Unforeseen problems related to the use of our live virus vaccine may prevent further development or approval of our Ebola vaccine product candidate. There may be unknown safety risks associated with the vaccine and regulatory agencies such as the FDA may require us to conduct extensive safety testing prior to approval to demonstrate a low risk of rare and severe adverse

events caused by the vaccine. If approved, unfamiliarity with the viral vaccine and potential adverse events associated with vaccination may adversely affect physician and patient perception and uptake of our product.

Our research and development efforts on our Ebola vaccine product candidate use live virus vaccine technology, and our successful development and commercialization of our Ebola vaccine product candidate depends on the costs and timing of development, including costs and timeframes for regulatory approval. There can be no assurance that any development problems we or others researching this virus vaccine may experience in the future will not cause significant delays or unanticipated costs, or that such development problems can be solved.

Public perception of vaccine safety issues, including adoption of novel vaccines based upon VSV, may adversely influence willingness of subjects to participate in clinical trials, or if approved, of physicians to prescribe, and of patients to receive, novel vaccines. For example, our Ebola vaccine product candidate is currently being developed for prevention of, and may later be developed for treatment of patients infected with, Ebola, and public aversion to vaccines for Ebola or vaccines in general may adversely influence later stage clinical trials of this product candidate or, if approved, its commercial success. Furthermore, there are no assurances that the vaccine will be approved for inclusion in government stockpile programs, which may be material to the commercial success of the product candidate, either in the United States or abroad.

We may be required to suspend, repeat or terminate our clinical trials if they are not conducted in accordance with regulatory requirements, the results are negative or inconclusive or the trials are not well designed.

Clinical trials must be conducted in accordance with the FDA's current Good Clinical Practices, or cGCP, or other applicable foreign government guidelines and are subject to oversight by the FDA, other foreign governmental agencies and Institutional Review Boards at the medical institutions where the clinical trials are conducted. In addition, clinical trials must be conducted with product candidates produced under current Good Manufacturing Practices, or cGMP, and may require large numbers of test subjects. Clinical trials may be suspended by the FDA, other foreign governmental agencies, or us for various reasons, including:

- deficiencies in the conduct of the clinical trials, including failure to conduct the clinical trial in accordance with regulatory requirements or clinical protocols;
- deficiencies in the clinical trial operations or trial sites;
- the product candidate may have unforeseen adverse side effects;
- the time required to determine whether the product candidate is effective may be longer than expected;
- fatalities or other adverse events arising during a clinical trial due to medical problems that may not be related to clinical trial treatments;
- the product candidate may not appear to be more effective than current therapies;
- the quality or stability of the product candidate may fall below acceptable standards; or
- insufficient quantities of the product candidate to complete the trials.

In addition, changes in regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to Institutional Review Boards for reexamination, which may impact the costs, timing or successful completion of a clinical trial. Due to these and other factors, our HyperAcute product candidates, indoximod, NLG919 and other product candidates could take a significantly longer time to gain regulatory approval for any additional indications than we expect or we may never gain approval for additional indications, which could reduce our revenue by delaying or terminating the commercialization of our HyperAcute product candidates, indoximod, NLG919 and other product candidates for additional indications.

Some of our product candidates have been or in the future may be studied in clinical trials co-sponsored by the National Cancer Institute, or NCI, or in investigator-initiated clinical trials, which means we have little control over the conduct of such trials.

Our indoximod product candidate has been studied in two Phase 1B/2 clinical trials co-sponsored by the National Cancer Institute. We are currently supplying our indoximod product candidate in support of a Phase 2 investigator-initiated clinical trial, and we provided clinical supply of our dorgenmeltucel-L (HyperAcute Melanoma) product candidate in support of a Phase 2 investigator-initiated clinical trial. We may continue to supply and otherwise support similar trials in the future. However, because we are not the sponsors of these trials, we do not control the protocols, administration or conduct of these trials, including follow-up with patients and ongoing collection of data after treatment, and, as a result, are subject to risks associated with the way these types of trials are conducted, in particular should any problems arise. These risks include difficulties or delays in communicating with investigators or administrators, procedural delays and other timing issues and difficulties or differences in interpreting data.

If we cannot demonstrate the safety of our product candidates in preclinical and/or other non-clinical studies, we will not be able to initiate or continue clinical trials or obtain approval for our product candidates.

In order to move a product candidate not yet being tested in humans into a clinical trial, we must first demonstrate in preclinical testing that the product candidate is safe. Furthermore, in order to obtain approval, we must also demonstrate safety in various preclinical and non-clinical tests. We may not have conducted or may not conduct in the future the types of preclinical and other non-clinical testing ultimately required by regulatory authorities, or future preclinical tests may indicate that our product candidates are not safe for use in humans. Preclinical testing is expensive, can take many years and have an uncertain outcome. In addition, success in initial preclinical testing does not ensure that later preclinical testing will be successful. We may experience numerous unforeseen events during, or as a result of, the preclinical testing process, which could delay or prevent our ability to develop or commercialize our product candidates, including:

- our preclinical testing may produce inconclusive or negative safety results, which may require us to conduct additional preclinical testing or to abandon product candidates that we believed to be promising;
- our product candidates may have unfavorable pharmacology, toxicology or carcinogenicity;
- our product candidates may cause undesirable side effects; and
- the FDA or other regulatory authorities may determine that additional safety testing is required.

Any such events would increase our costs and could delay or prevent our ability to commercialize our product candidates, which could adversely impact our business, financial condition and results of operations.

Even if approved, the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any other product we may commercialize and market may be later withdrawn from the market or subject to promotional limitations.

We may not be able to obtain the labeling claims necessary or desirable for the promotion of our products. We may also be required to undertake post-marketing clinical trials. If the results of such post-marketing studies are not satisfactory, the FDA or a comparable agency in a foreign country may withdraw marketing authorization or may condition continued marketing on commitments from us that may be expensive and/or time consuming to fulfill. In addition, if we or others identify adverse side effects after any of our products are on the market, or if manufacturing problems occur, regulatory approval may be withdrawn and reformulation of our products, additional clinical trials, changes in labeling of our products and additional marketing applications may be required. Any reformulation or labeling changes may limit the marketability of our products.

We will need to develop or acquire additional capabilities in order to commercialize any product candidates that obtain FDA approval, and we may encounter unexpected costs or difficulties in doing so.

We will need to acquire additional capabilities and effectively manage our operations and facilities to successfully pursue and complete future research, development and commercialization efforts. Currently, we have no experience in preparing applications for marketing approval, commercial-scale manufacturing, managing of large-scale information technology systems or managing a large-scale distribution system. We will need to add personnel and expand our capabilities, which may strain our existing managerial, operational, regulatory compliance, financial and other resources.

To do this effectively, we must:

- train, manage and motivate a growing employee base;
- accurately forecast demand for our products; and
- expand existing operational, financial and management information systems.

We plan to increase our manufacturing capacity, which may include negotiating and entering into arrangements for third-party contract manufacturing for some or all of our commercial manufacturing requirements, and seek FDA approval for our production process simultaneously with seeking approval for the marketing and sale of our algenpantucel-L. Should we not receive timely approval of our production process, our ability to produce the immunotherapy products following regulatory approval for sale could be delayed, which would further delay the period of time when we would be able to generate revenues from the sale of such products, if we are even able to generate revenues at all.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate significant product revenue.

We do not have a sales organization and have no experience in the sales and distribution of pharmaceutical products. There are risks involved with establishing our own sales capabilities and increasing our marketing capabilities, as well as entering

into arrangements with third parties to perform these services. Developing an internal sales force is expensive and time consuming and could delay any product launch. On the other hand, if we enter into arrangements with third parties to perform sales, marketing and distribution services, our product revenues or the profitability of these product revenues to us could potentially be lower than if we market and sell any products that we develop ourselves.

We entered into the Genentech Agreement in October 2014 for the sales, marketing and distribution of NLG919. If NLG919 is approved by regulators for marketing and sale, Genentech may be unsuccessful in its efforts to commercialize NLG919 or may devote fewer resources to such efforts than we would consider optimal.

We may establish our own specialty sales force and/or engage other biopharmaceutical or other healthcare companies with established sales, marketing and distribution capabilities to sell, market and distribute any future products. We may not be able to establish a specialty sales force or establish sales, marketing or distribution relationships on acceptable terms. Factors that may inhibit our efforts to commercialize any future products without strategic collaborators or licensees include:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

Because the establishment of sales, marketing and distribution capabilities depends on the progress towards commercialization of our product candidates, and because of the numerous risks and uncertainties involved with establishing those capabilities, we are unable to predict when, if ever, we will establish our own sales, marketing and distribution capabilities. If we are not able to collaborate with third parties and are unsuccessful in recruiting sales, marketing and distribution personnel or in building the necessary infrastructure, we will have difficulty commercializing our product candidates, which would adversely affect our business and financial condition.

Failure to attract and retain key personnel could impede our ability to develop our products and to obtain new collaborations or other sources of funding.

Because of the specialized scientific nature of our business, our success is highly dependent upon our ability to attract and retain qualified scientific and technical personnel, consultants and advisors. We are highly dependent on the principal members of our scientific and management staff, particularly Dr. Charles J. Link, Jr. and Dr. Nicholas N. Vahanian. The loss of either of their services might significantly delay or prevent the achievement of our research, development, and business objectives. We do not maintain key-man life insurance with respect to any of our employees, nor do we intend to secure such insurance.

We will need to recruit a significant number of additional personnel in order to achieve our operating goals. In order to pursue product development and marketing and sales activities, if any, we will need to hire additional qualified scientific personnel to perform research and development, as well as personnel with expertise in clinical testing, government regulation, manufacturing, marketing and sales. We also rely on consultants and advisors to assist in formulating our research and development strategy and adhering to complex regulatory requirements. Our personnel needs will be further exacerbated as a result of our entering into the Genentech Agreement and our efforts to develop our Ebola vaccine product candidate. We face competition for qualified individuals from numerous pharmaceutical and biotechnology companies, universities and other research institutions. There can be no assurance that we will be able to attract and retain such individuals on acceptable terms, if at all. If the personnel that have contingently agreed to join us do not join us it will be difficult or impossible for us to execute our business plan in a timely manner. Additionally, our most significant facilities are located in Iowa, which may make attracting and retaining qualified scientific and technical personnel from outside of Iowa difficult. The failure to attract and retain qualified personnel, consultants and advisors could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Manufacturing Activities

We have never manufactured our product candidates at commercial scale, and there can be no assurance that such products can be manufactured in compliance with regulations at a cost or in quantities necessary to make them commercially viable.

We have no experience in commercial-scale manufacturing, the management of large-scale information technology systems or the management of a large-scale distribution system. In June 2014, we entered into the WuXi Agreement, under which we granted WuXi a non-exclusive right to use certain of our starting materials and confidential information for the commercial manufacturing of cell material for the production of algenpantucel-L. We will incur significant expense under the WuXi Agreement,

and our commercial relationship with WuXi may not result in the manufacture of algenpantucel-L to the required quality standards or in quantities or at a cost that allows any future commercial sales to be profitable or commercially viable for many reasons, including the following:

- the FDA may not approve the facilities used by, or the manufacturing processes developed by, WuXi, or the FDA may impose additional requirements that result in unforeseen expense or delay;
- we have no experience managing relationships with commercial manufacturing organizations, and we may make decisions in connection with our relationship with WuXi that result in unforeseen delays, expenses or other difficulties, or that later prove to be less advantageous than other decisions we could have made;
- we or WuXi may encounter unforeseen difficulties in attempting to manufacture biological materials related to algenpantucel-L at a larger scale than we have previously attempted;
- WuXi may not be able to devote sufficient resources or facilities to manufacture cell materials in the quantities we may require;
- the manufacturing processes may produce low or variable quality or quantities of manufactured cell materials, and we may expend considerable resources attempting to identify or remedy factors causing such problems, or we may not be able to identify or remedy such factors;
- WuXi is currently our sole contract manufacturer for cell materials, and any unforeseen difficulties or work slow down or stoppage resulting from economic, labor, governmental, political or environmental factors, among others, may result in increased costs or delay, or a reduction or elimination of WuXi's ability to manufacture cell material for algenpantucel-L; and
- the FDA may not approve algenpantucel-L for the treatment of patients with pancreatic cancer, or any subset of such patients, which would not relieve our obligation for certain costs under the WuXi Agreement.

We may develop additional or alternative manufacturing capacity by expanding our current facilities, by entering into additional third-party contract manufacturing arrangements, or by some combination of the foregoing. Expanding our current facilities would require substantial additional funds and we would need to hire and train significant numbers of qualified employees to staff these facilities. We may not be able to develop commercial-scale manufacturing facilities that are sufficient to produce materials for additional later-stage clinical trials or commercial use. Contracting for additional third-party commercial manufacturing would require expertise and qualified personnel to manage the added complexity of such additional relationships and regulatory compliance at multiple manufacturing sites operated by different third-parties and may further increase our expenses related to, and decrease our direct control over, procuring a sufficient supply of our product candidates for commercial sale.

If we are unable to manufacture or contract for a sufficient supply of our product candidates on acceptable terms, or if we encounter delays or difficulties in the scale-up of our manufacturing processes or our relationships with WuXi or other manufacturers, our preclinical and human clinical testing schedule would be delayed. This in turn would delay the submission of product candidates for regulatory approval and thereby delay the market introduction and subsequent sales of any products that receive regulatory approval, which would have a material adverse effect on our business, financial condition and results of operations. In addition, if any of our product candidates are approved for sale, our inability to manufacture or contract for a sufficient supply of such potential future products on acceptable terms would have a material adverse effect on our business, financial condition and results of operations. Furthermore, we or our contract manufacturers must supply all necessary documentation in support of each BLA and each New Drug Application, or NDA, on a timely basis and must adhere to Good Laboratory Practice, or GLP and cGMP regulations enforced by the FDA through its facilities inspection program. If these facilities cannot pass a pre-approval plant inspection, the FDA approval of the products will not be granted.

We and our contract manufacturers are subject to significant regulation with respect to manufacturing of our products.

All entities involved in the preparation of a therapeutic drug for clinical trials or commercial sale, including WuXi, our existing contract manufacturer for indoximod and the components used in the HyperAcute product candidates, our contract manufacturer for NLG919, our contract manufacturers for our Ebola vaccine product candidate, Genentech in its capacity as our licensee, and any contract manufacturer that we may use in the future for manufacturing related to clinical trials or commercial sale are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Our facilities and quality systems and the facilities and quality systems of some or all of our third party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any of our other potential products. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or our other potential products or the associated quality systems for compliance with the regulations applicable to the activities being conducted. The regulatory authorities also may, at any time following approval of a product for

sale, audit our manufacturing facilities or those of our third party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time consuming for us or a third party to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could materially harm our business. In addition, to the extent that we rely on foreign contract manufacturers, as we do currently for NLG919 and our Ebola vaccine product candidate, we are or will be subject to additional risks including the need to comply with export and import regulations.

We have entered into agreements for the manufacture and clinical development of our Ebola vaccine product candidate that have contractual obligations in excess of our current funding for our Ebola vaccine product candidate development efforts.

We have entered into commercial manufacturing and clinical trial management agreements for our Ebola vaccine product candidate that obligate us to approximately $8.4 million in direct payments to the manufacturers. We entered into these agreements based on our belief that we may obtain additional funding for our current Ebola vaccine development efforts. We have received commitments for funding totaling $2.9 million for Ebola vaccine development, including for manufacturing of the Ebola vaccine product candidate. In addition, we are likely to incur additional operating expenses performing our obligations under these contracts, in addition to our other costs of administering our Phase 1 Ebola vaccine product candidate clinical trial. Our failure to obtain additional grant or other funding for our Ebola vaccine development efforts will not relieve us of our obligations under our contract manufacturing agreements for the Ebola vaccine product candidate.

We currently rely on relationships with third-party contract manufacturers, which limits our ability to control the availability of, and manufacturing costs for, our product candidates in the near-term. The loss of any of these manufacturers, some of which are our only current source for components of our product candidates, or delays or problems in the supply or manufacture of components of our product candidates, could materially and adversely affect our business, financial condition and results of operations.

We intend to rely on contract manufacturers or strategic partners for indoximod, NLG919, our Ebola vaccine product candidate and for components of or finished HyperAcute product candidates, including algenpantucel-L, for commercial sale if any are approved for sale. In addition, we currently rely on contract manufacturers for supply of NLG919 and our Ebola vaccine product candidate for preclinical and clinical studies. Problems with any of our facilities or processes, or our contract manufacturers' facilities or processes, could prevent or delay the production of adequate supplies of antigen, components of or finished HyperAcute product candidates, indoximod, NLG919 or our Ebola vaccine product candidate. This could delay or reduce commercial sales and materially harm our business. We do not currently have experience with the manufacture of products at commercial scale, or the management of relationships related to commercial-scale contract manufacturing, and we may incur substantial costs to develop the capability to manufacture products at commercial scale or to negotiate and enter into relationships with third-party contract manufacturers. Any prolonged delay or interruption in the operations of our facilities or our current or future contract manufacturers' facilities could result in cancellation of shipments, loss of components in the process of being manufactured or a shortfall in availability of a product. A number of factors could cause interruptions, including the inability of a supplier to provide raw materials, equipment malfunctions or failures, damage to a facility due to natural disasters, changes in international or U.S. regulatory requirements or standards that require modifications to our manufacturing processes, action by regulatory authorities or by us that results in the halting or slowdown of production of components or finished product due to regulatory issues, a contract manufacturer going out of business or failing to produce product as contractually required or other similar factors. Because manufacturing processes are highly complex and are subject to a lengthy regulatory approval process, alternative qualified production capacity and sufficiently trained or qualified personnel may not be available on a timely or cost-effective basis or at all. Difficulties or delays in our contract manufacturers' production of drug substances could delay our clinical trials, increase our costs, damage our reputation and cause us to lose revenue and market share if we are unable to timely meet market demand for any products that are approved for sale.

Further, if our current or future contract manufacturers are not in compliance with regulatory requirements at any stage, including post-marketing approval, we may be fined, forced to remove a product from the market and/or experience other adverse consequences, including delays, which could materially harm our business.

We replicate all biological cells for clinical trials of our product candidates internally and utilize a single manufacturing site to manufacture our clinical product candidates other than our Ebola vaccine product candidate. Any disruption in the operations of our manufacturing facility would have a significant negative impact on our ability to manufacture product candidates for clinical testing and would result in increased costs and losses.

We have thus far elected to replicate all biological cells for our product candidates other than our Ebola vaccine product candidate for clinical testing internally using a complex process. The disruption of our operations could result in manufacturing delays due to the inability to purchase the cell lines from outside sources. We have only one manufacturing facility in which we can manufacture clinical product candidates. In the event of a physical catastrophe at our manufacturing or laboratory facilities, we could experience costly delays in reestablishing manufacturing capacity, due to a lack of redundancy in manufacturing capability.

Our current manufacturing facility contains highly specialized equipment and utilizes complicated production processes developed over a number of years, which would be difficult, time-consuming and costly to duplicate or may be impossible to duplicate. Any prolonged disruption in the operations of our manufacturing facility would have a significant negative impact on our ability to manufacture product candidates for clinical testing on our own and would cause us to seek additional third-party manufacturing contracts, thereby increasing our development costs. We may suffer losses as a result of business interruptions that exceed the coverage available under our insurance policies or any losses may be excluded under our insurance policies. Certain events, such as natural disasters, fire, political disturbances, sabotage or business accidents, which could impact our current or future facilities, could have a significant negative impact on our operations by disrupting our product development efforts until such time as we are able to repair our facility or put in place third-party contract manufacturers to assume this manufacturing role.

We have experienced bacterial and mycoplasm contaminations in lots produced at our facilities, and we destroyed the contaminated lots and certain overlapping lots. We may experience additional contaminated lots at our facilities, and we will destroy any contaminated lots that we detect, which could result in significant delay or additional expense in our operations.

We rely on a single manufacturer for a key component used in the manufacture of our HyperAcute immunotherapy product candidates, which could impair our ability to manufacture and supply our products.

The manufacturing process for our HyperAcute immunotherapy product candidates has one component that we obtain from a single manufacturer. If our current supplier is unable to continue supplying the component for our clinical trials,or to supply the component at quantities insufficient for commercial sale, we may need to utilize an alternative manufacturer. If we utilize an alternative manufacturer, we may be required to demonstrate comparability of the drug product before releasing the product for clinical use. The loss of our current supplier could result in manufacturing delays for the component substitution, and we may need to accept changes in terms or price from our existing supplier in order to avoid such delays.

Our facilities are located in areas where floods and tornados are known to occur, and the occurrence of a flood, tornado or other catastrophic disaster could damage our facilities and equipment, which could cause us to curtail or cease operations.

Our primary facilities are located in Ames, Iowa, which is susceptible to floods and tornados, and our facilities are therefore vulnerable to damage or disruption from floods and tornados. We are also vulnerable to damage from other types of disasters, such as power loss, fire and similar events. If any disaster were to occur, our ability to operate our business could be seriously impaired. We currently carry business personal property insurance in the amount of $9.5 million in the aggregate, but this policy does not cover disasters such as floods and earthquakes. We may not have adequate insurance to cover our losses resulting from disasters or other similar significant business interruptions, and we do not plan to purchase additional insurance to cover such losses due to the cost of obtaining such coverage. Any significant losses that are not recoverable under our insurance policies could seriously impair our business and financial condition.

Significant disruptions of information technology systems or breaches of data security could adversely affect our business.

We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we collect, store and transmit large amounts of confidential information, including intellectual property, proprietary business information and personal information. It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We have also outsourced elements of our information technology infrastructure, and as a result we manage a number of third party vendors who may or could have access to our confidential information. The size and complexity of our information technology systems, and those of third-party vendors with whom we contract, make such systems potentially vulnerable to breakdown, malicious intrusion, security breaches and other cyber attacks. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information, trade secrets or other intellectual property. While we have implemented security measures to protect our data security and information technology systems, such measures may not prevent the adverse effect of such events. Significant disruptions of our information technology systems or breaches of data security could adversely affect our business.

Risks Relating to Regulation of Our Industry

The industry within which we operate and our business are subject to extensive regulation, which is costly and time consuming and which may subject us to unanticipated delays.

The research, design, testing, manufacturing, labeling, marketing, distribution and advertising of biologic and pharmaceutical products such as our product candidates are subject to extensive regulation by governmental regulatory authorities in the United States and other countries. The drug development and approval process is generally lengthy, expensive and subject to unanticipated delays. Data obtained from preclinical and clinical testing are subject to varying interpretations that could delay, limit or prevent regulatory approval. In addition, delays or rejections may be encountered based upon changes in regulatory policy for product approval during the period of development and regulatory review of each submitted application for approval. To obtain approval for a product candidate, we must demonstrate to the satisfaction of the regulatory authorities that the product candidate is safe, pure, potent and effective, which typically takes several years or more depending upon the type, complexity and novelty of the product and requires the expenditure of substantial resources. There can be no assurance that we will not encounter problems in clinical trials that would cause us or the regulatory authorities to delay or suspend clinical trials. Any such delay or suspension could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that clinical studies for any of our product candidates currently under development will be completed successfully or within any specified time period, if at all. Further, there can also be no assurance that such testing will show any product to be safe, pure, potent or effective. There can be no assurance that we will not encounter problems in clinical trials that will cause us to delay or suspend clinical trials.

Regardless of how much time and resources we devote to development of a product candidate, there can be no assurance that regulatory approval will be obtained for that product candidate. To date, the FDA has approved only one active cellular cancer immunotherapy product, even though several have been, and currently are in, clinical development. Further, even if such regulatory approval is obtained, we, our products and any contract manufacturers or commercial collaborators of ours will be subject to continual regulatory review in both the United States and other countries. Later discovery of previously unknown problems with regard to a product, distributor or manufacturer may result in restrictions, including withdrawal of the product from the market and/or disqualification or decertification of the distributor or manufacturer.

We cannot predict when, if ever, we might submit for regulatory review our product candidates currently under development. Once we submit our potential products for review, there can be no assurance that regulatory approvals for any pharmaceutical products developed by us will be granted on a timely basis, if at all.

The FDA and comparable agencies in foreign countries impose substantial requirements on the introduction of new biologic and pharmaceutical products through lengthy and detailed preclinical and clinical testing procedures, sampling activities and other costly and time-consuming compliance procedures. Clinical trials are vigorously regulated and must meet requirements for FDA review and oversight and requirements under GCP guidelines. A new drug may not be marketed in the United States until the FDA has approved it. There can be no assurance that we will not encounter delays or rejections or that the FDA will not make policy changes during the period of product development and FDA regulatory review of each submitted BLA and NDA. A delay in obtaining or failure to obtain such approvals would have a material adverse effect on our business, financial condition and results of operations. Even if regulatory approval were obtained, it would be limited as to the indicated uses for which the product may be promoted or marketed. A marketed product, its manufacturer and the facilities in which it is manufactured are subject to continual review and periodic inspections. If marketing approval is granted, we would be required to comply with FDA requirements for manufacturing, labeling, advertising, record-keeping and reporting of adverse experiences and other information. In addition, we would be required to comply with federal and state anti-kickback and other health care fraud and abuse laws that pertain to the marketing of pharmaceuticals. Failure to comply with regulatory requirements and other factors could subject us to regulatory or judicial enforcement actions, including product recalls or seizures, injunctions, withdrawal of the product from the market, civil penalties, criminal prosecution, refusals to approve new products and withdrawals of existing approvals, as well as enhanced product liability exposure, any of which could have a material adverse effect on our business, financial condition and results of operations. Sales of our products outside the United States will be subject to foreign regulatory requirements governing clinical trials, marketing approval, manufacturing and pricing. Non-compliance with these requirements could result in enforcement actions or penalties or could delay introduction of our products in certain countries.

The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement outside the United States vary greatly from country to country. The time required to obtain approvals outside the United States may differ from that required to obtain FDA approval. We may not obtain foreign regulatory approvals on a timely basis, or at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other countries or by the FDA and foreign regulatory authorities could require

additional testing. Failure to comply with these regulatory requirements or obtain required approvals could impair our ability to develop foreign markets for our products and may have a material adverse effect on our results of operations and financial condition.

We are also subject to laws generally applicable to businesses, including but not limited to, federal, state and local regulations relating to wage and hour matters, employee classification, mandatory healthcare benefits, unlawful workplace discrimination and whistle-blowing. Any actual or alleged failure to comply with any regulation applicable to our business or any whistle-blowing claim, even if without merit, could result in costly litigation, regulatory action or otherwise harm our business, results of operations, financial condition, cash flow and future prospects.

The availability and amount of reimbursement for our product candidates, if approved, and the manner in which government and private payors may reimburse for our potential product, are uncertain.

In both United States and foreign markets, sales of our proposed products will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers and other organizations. Our future levels of revenues and profitability may be affected by the continuing efforts of governmental and third party payors to contain or reduce the costs of health care. We cannot predict the effect that private sector or governmental health care reforms may have on our business, and there can be no assurance that any such reforms will not have a material adverse effect on our business, financial condition and results of operations.

In addition, in both the United States and elsewhere, sales of prescription drugs are dependent in part on the availability of reimbursement to the consumer from third-party payors, such as government and private insurance plans. Third-party payors are increasingly challenging the price and cost-effectiveness of medical products and services. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that our proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. Legislation and regulations affecting the pricing of pharmaceuticals may change before any of our proposed products are approved for marketing. Adoption of such legislation could further limit reimbursement for medical products and services. As a result, we may elect not to market future products in certain markets.

Moreover, while we are in clinical trials, we will not be reimbursed for any of our materials used during the clinical trials.

The biopharmaceutical industry is subject to significant regulation and oversight in the United States, in addition to approval of products for sale and marketing.

In addition to FDA restrictions on marketing of biopharmaceutical products, several other types of state and federal laws have been applied to restrict certain marketing practices in the biopharmaceutical industry in recent years. These laws include anti-kickback statutes and false claims statutes.

The federal health care program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting, or receiving remuneration to induce or in return for purchasing, leasing, ordering, or arranging for the purchase, lease, or order of any health care item or service reimbursable under Medicare, Medicaid, or other federally financed healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on one hand and prescribers, purchasers and formulary managers on the other. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Our practices may not in all cases meet all of the criteria for safe harbor protection from anti-kickback liability.

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to get a false claim paid. Recently, several pharmaceutical and other health care companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of marketing of the product for unapproved, and thus non-reimbursable, uses. The majority of states also have statutes or regulations similar to the federal anti-kickback law and false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer’s products from reimbursement under government programs, criminal fines and imprisonment.

Because of the breadth of these laws and the narrowness of the safe harbors, it is possible that some of our business activities could be subject to challenge under one or more of these laws, which could have a material adverse effect on our business, financial condition and results of operations.

In the United States and foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could affect our future results of operations. We expect to face pricing pressure globally from managed care organizations, institutions and government agencies and programs, which could negatively affect the sales and profit margins for our HyperAcute product candidates, indoximod, NLG919 or any other of our product candidates that may be approved for marketing.

In particular, there have been and continue to be a number of initiatives at the United States federal and state levels that seek to reduce healthcare costs. Most recently, in March 2010 the Patient Protection and Affordable Health Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively the PPACA, was enacted, which includes measures to significantly change the way health care is financed by both governmental and private insurers. Among the provisions of the PPACA of greatest importance to the pharmaceutical and biotechnology industry are the following:

- an annual, nondeductible fee on any entity that manufactures or imports certain branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs;
- requirements to report certain financial arrangements with physicians and others, including reporting any “transfer of value” made or distributed to prescribers and other healthcare providers and reporting any investment interests held by physicians and their immediate family members;
- a licensure framework for follow-on biologic products, also known as biosimilars;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;
- creation of the Independent Payment Advisory Board which will have authority to recommend certain changes to the Medicare program that could result in reduced payments for prescription drugs and those recommendations could have the effect of law even if Congress does not act on the recommendations; and
- establishment of a Center for Medicare Innovation at the Centers for Medicare & Medicaid Services to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending.

Many of the details regarding the implementation of the PPACA are yet to be determined, and at this time, it remains unclear the full effect that the PPACA would have on our business. The regulations that are ultimately promulgated and their implementation are likely to have considerable impact on the way we conduct our business and may require us to change current strategies.

Individual states have become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, and marketing cost disclosure and transparency measures, and designed to encourage importation from other countries and bulk purchasing. Legally-mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce ultimate demand for our products or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

In addition, given recent federal and state government initiatives directed at lowering the total cost of healthcare, Congress and state legislatures will likely continue to focus on healthcare reform, the cost of prescription drugs and biologics and the reform of the Medicare and Medicaid programs. While we cannot predict the full outcome of any such legislation, it may result in decreased reimbursement for drugs and biologics, which may further exacerbate industry-wide pressure to reduce prescription drug prices. This could harm our ability to generate revenues. In addition, legislation has been introduced in Congress that, if enacted, would permit more widespread importation or re-importation of pharmaceutical products from foreign countries into the United States, including from countries where the products are sold at lower prices than in the United States. Such legislation, or similar regulatory changes, could put competitive pressure on our ability to profitably price our products, which, in turn, could adversely affect our business, results of operations, financial condition and prospects. Alternatively, in response to legislation such as this, we might elect not to seek approval for or market our products in foreign jurisdictions in order to minimize the risk of re-importation, which could also reduce the revenue we generate from our product sales. It is also possible that other legislative proposals having similar effects will be adopted.

Furthermore, regulatory authorities' assessment of the data and results required to demonstrate safety and efficacy can change over time and can be affected by many factors, such as the emergence of new information, including on other products, changing policies and agency funding, staffing and leadership. We cannot be sure whether future changes to the regulatory environment will be favorable or unfavorable to our business prospects. For example, average review times at the FDA for marketing approval applications have fluctuated over the last ten years, and we cannot predict the review time for any of our submissions with any regulatory authorities. In addition, review times can be affected by a variety of factors, including budget and funding levels and statutory, regulatory and policy changes.

We use hazardous materials in our business and must comply with environmental laws and regulations, which can be expensive.

Our research and development involves the controlled use of hazardous materials, chemicals, various active microorganisms and volatile organic compounds, and we may incur significant costs as a result of the need to comply with numerous laws and regulations. We are subject to laws and regulations enforced by the FDA, the Drug Enforcement Agency, foreign health authorities and other regulatory requirements, including the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substances Control Act, the Food, Drug and Cosmetic Act, the Resource Conservation and Recovery Act, and other current and potential federal, state, local and foreign laws and regulations governing the use, manufacture, storage, handling and disposal of our products, materials used to develop and manufacture our product candidates, and resulting waste products. Although we believe that our safety procedures for handling and disposing of such materials, and for killing any unused microorganisms before disposing of them, comply with the standards prescribed by state and federal regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result and any such liability could exceed our resources.

Financial Risks

We have a history of net losses. We expect to continue to incur increasing net losses for the foreseeable future, and we may never achieve or maintain profitability.

We are not profitable and have incurred significant net losses in each year since our inception, including net losses of $31.2 million, $23.3 million and $18.1 million for the years ended December 31, 2013, 2012 and 2011, respectively and a net loss of $24.0 million for the nine months ended September 30, 2014. As of September 30, 2014, we had a deficit of $160.0 million. Our losses have resulted principally from costs incurred in our research activities. We anticipate that our operating losses will substantially increase over the next several years as we expand our commercialization activities and our discovery and research activities, including the Phase 2 and Phase 3 clinical development of the HyperAcute product candidates, the Phase 2 clinical development of indoximod, and the development of NLG919, and next generation compounds in the collaboration with Genentech.

Because of the numerous risks and uncertainties associated with biopharmaceutical product development and commercialization, we are unable to accurately predict the timing or amount of future expenses or when, or if, we will be able to achieve or maintain profitability. Currently, we have no products approved for commercial sale, and to date we have not generated any product revenue. We have financed our operations primarily through the sale of equity securities, government grants, economic development loans and capital lease and equipment financing. The size of our future net losses will depend, in part, on the rate of growth or contraction of our expenses and the level and rate of growth, if any, of our revenues. Our ability to achieve profitability is dependent on our ability, alone or with others, to complete the development of our products successfully, obtain the required regulatory approvals, manufacture and market our proposed products successfully or have such products manufactured and marketed by others and gain market acceptance for such products. There can be no assurance as to whether or when we will achieve profitability. Notwithstanding our entry into the Genentech Agreement, the potential milestone and royalty payments under that agreement are highly uncertain and dependent on many factors related to possible future clinical trials and commercialization.

We will require substantial additional capital in the future. If additional capital is not available, we will have to delay, reduce or cease operations.

Development of our HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate and any other product candidates will require substantial additional funds to conduct research, development and clinical trials necessary to bring such product candidates to market and to establish manufacturing, marketing and distribution capabilities, either internally or through collaborations with third parties. Our future capital requirements will depend on many factors, including, among others:

- the scope, rate of progress, results and costs of our preclinical studies, clinical trials and other research and development activities;
- the scope, rate of progress and costs of our manufacturing development and commercial manufacturing activities;
- the cost, timing and outcomes of regulatory proceedings (including FDA review of any BLA or NDA we submit);

- payments required with respect to development milestones we achieve under our in-licensing agreements;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- the costs associated with commercializing our product candidates, if they receive regulatory approval;
- the cost and timing of developing our ability to establish sales and marketing capabilities;
- competing technological efforts and market developments;
- changes in our existing research relationships;
- our ability to establish collaborative arrangements to the extent necessary;
- revenues received from any existing or future products; and
- payments received under any future strategic collaborations.

We anticipate that we will continue to generate significant losses in the future as we incur expenses to complete our clinical trial programs for our product candidates, build commercial capabilities, develop our pipeline and expand our corporate infrastructure. We believe that our existing cash and cash equivalents and certificates of deposit, including the proceeds from our follow-on public offering that closed on February 4, 2013, and proceeds received to date from our ATM Offering, if any, will allow us to fund our operating plan well into 2015, although not through commercialization and launch of revenue producing products. However, our operating plan may change as a result of factors currently unknown to us.

There can be no assurance that our revenue and expense forecasts will prove to be accurate, and any change in the foregoing assumptions could require us to obtain additional financing earlier than anticipated. There is a risk of delay or failure at any stage of developing a product candidate, and the time required and costs involved in successfully accomplishing our objectives cannot be accurately predicted. Actual drug research and development costs could substantially exceed budgeted amounts, which could force us to delay, reduce the scope of or eliminate one or more of our research or development programs.

We are party to license agreements with various parties pursuant to which we have obtained licenses to certain patents, patent applications and other intellectual property related to our product candidates and product development efforts. Pursuant to most of these license agreements, we are obligated to make aggregate payments ranging from approximately $200,000 to $2.8 million per license (and in some cases, for each product candidate in such license) upon achievement of development and regulatory approval milestones specified in the applicable license. The timing of our achievement of these events and corresponding milestone payments to our licensors are subject to factors relating to the clinical and regulatory development and commercialization of our product candidates, many of which are beyond our control. We may become obligated to make a milestone payment when we do not have the cash on hand to make such payment, which could require us to delay our clinical trials, curtail our operations, scale back our commercialization or marketing efforts or seek funds to meet these obligations on terms unfavorable to us.

We may never be able to generate a sufficient amount of product revenue to cover our expenses. Until we do, we expect to seek additional funding through public or private equity or debt financings, collaborative relationships, capital lease transactions or other available financing transactions. However, there can be no assurance that additional financing will be available on acceptable terms, if at all, and such financings could be dilutive to existing stockholders. Moreover, in the event that additional funds are obtained through arrangements with collaborators, such arrangements may require us to relinquish rights to certain of our technologies, product candidates or products that we would otherwise seek to develop or commercialize ourselves.

If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate one or more of our research or development programs. Our failure to obtain adequate financing when needed and on acceptable terms would have a material adverse effect on our business, financial condition and results of operations.

We have a forgivable loan that may have to be repaid if we do not achieve job creation goals.

In March 2010, we entered into a $400,000 forgivable loan agreement with the City of Ames, Iowa and the Ames Chamber of Commerce that requires us to create or retain at least 150 full-time positions located in Ames, Iowa as of March 10, 2015. If, as of March 10, 2015, we have fulfilled the terms of the loan agreement, the loan will be forgiven. If on March 10, 2015, we have failed to create or retain at least 150 full-time jobs in Ames, Iowa, we will be required to repay approximately $3,100 per job not created or retained. As of September 30, 2014, we had created or retained an aggregate of 96 full-time jobs in Ames, Iowa. On July 25, 2014, we received $100,000 after completing certification regarding the creation of a threshold level of jobs, as part of a $400,000 forgivable loan agreement with the City of Ames, Iowa and the Ames Chamber of Commerce, jointly, as lenders.

We have not yet met all the job creation requirements of the City of Ames loan. If we cannot or do not comply with this and all other requirements under this loan, we may be obligated to partially repay principal and interest on this loan.

Even though we have received governmental support in the past, we may not continue to receive support at the same level or at all.

We have received significant financial assistance from state and local governments, primarily in the form of forgivable loans. There can be no assurance that we will continue to receive the same level of assistance from these or other government agencies, if at all.

Through our subsidiary, BioProtection Systems Corporation, or BPS, we also have an ongoing contract with the United States Department of Defense and pending applications with the National Institutes of Health and the Department of Defense. We also have a letter contract providing for $2.9 million in funding for our Ebola vaccine product candidate development efforts. There is no guarantee that we will receive sufficient, or any, future grant funding to meet our obligations related to our Ebola vaccine development or to succeed in developing an Ebola vaccine. The termination of a United States government grant, contract or relationship as a result of our failure to satisfy any of our obligations under the grants or contracts would have a negative impact on our operations and harm our reputation and ability to procure government contracts. Additionally, there can be no assurance that we will secure comparable contracts with, or grants from, the United States government in the future.

Changes in our effective income tax rate could adversely affect our results of operations in the future.

We may become subject to income taxes in the United States or foreign jurisdictions, and our effective income tax rate, as well as our relative domestic and international tax liabilities, will depend in part on the allocation of any future income among different jurisdictions. In addition, various factors may have favorable or unfavorable effects on our effective income tax rate in individual jurisdictions or in the aggregate. These factors include whether tax authorities agree with our interpretations of existing tax laws, any required accounting for stock options and other share-based compensation, changes in tax laws and rates, our future levels of research and development spending, changes in accounting standards, changes in the mix of any future earnings in the various tax jurisdictions in which we may operate, the outcome of any examinations by the U.S. Internal Revenue Service or other tax authorities, the accuracy of our estimates for unrecognized tax benefits and realization of deferred tax assets and changes in overall levels of pre-tax earnings. The effect on our income tax liabilities resulting from the above-mentioned factors or other factors could have a material adverse effect on our results of operations.

Risks Relating to Competition

We compete in an industry characterized by extensive research and development efforts and rapid technological progress. New discoveries or commercial developments by our competitors could render our potential products obsolete or non-competitive.

New developments occur and are expected to continue to occur at a rapid pace, and there can be no assurance that discoveries or commercial developments by our competitors will not render some or all of our potential products obsolete or non-competitive, which would have a material adverse effect on our business, financial condition and results of operations.

We expect to compete with fully integrated and well-established pharmaceutical and biotechnology companies in the near and long term. Most of these companies have substantially greater financial, research and development, manufacturing and marketing experience and resources than we do and represent substantial long-term competition for us. Such companies may succeed in discovering and developing pharmaceutical products more rapidly than we do or pharmaceutical products that are safer, more effective or less costly than any that we may develop. Such companies also may be more successful than we are in production and marketing. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with large pharmaceutical and established biotechnology companies. Academic institutions, governmental agencies and other public and private research organizations also conduct clinical trials, seek patent protection and establish collaborative arrangements for the development of oncology products.

We will face competition based on product efficacy and safety, the timing and scope of regulatory approvals, availability of supply, marketing and sales capabilities, reimbursement coverage, price and patent position. There can be no assurance that our competitors will not develop safer and more effective products, commercialize products earlier than we do, or obtain patent protection or intellectual property rights that limit our ability to commercialize our products.

There can be no assurance that our issued patents or pending patent applications, if issued, will not be challenged, invalidated or circumvented or that the rights granted thereunder will provide us with proprietary protection or a competitive advantage.

The biopharmaceutical industry is highly competitive. Given the significant unmet patient need for new therapies, oncology is an area of focus for many public and private biopharmaceutical companies, public and private universities and research organizations actively engaged in the discovery and research and development of products for cancer. As a result, there are and will likely continue to be extensive research and substantial financial resources invested in the discovery and development of new oncology products. In addition, there are a number of multinational pharmaceutical companies and large biotechnology companies currently marketing or pursuing the development of products or product candidates targeting the same cancer indications as our product candidates.

The cancer immunotherapy landscape is broad but still in the early stages of development as a class of therapeutics, with only one FDA-approved active cellular immunotherapy product, Dendreon Corporation's Provenge (sipuleucel-T) for the treatment of asymptomatic or minimally symptomatic metastatic castrate resistant (hormone refractory) prostate cancer. We estimate that there are over 100 cancer immunotherapy products in clinical development by approximately 70 public and private biotechnology and pharmaceutical companies. Trials of these product candidates target many different cancer types. Of this universe, several large public biopharmaceutical companies are developing or have commercialized cancer immunotherapy products, including Bristol-Myers Squibb Company, Dendreon Corporation, GlaxoSmithKline plc, MedImmune/Aztra Zenaca, Merck & Co., Inc., Merck KGaA and Sanofi-Aventis. There are numerous immunotherapeutic approaches to cancer immunotherapy product development, including but not limited to anti-idiotype, whole cell, DNA, peptide/antigen, viral, tumor lysate, shed antigens, and dendritic cell. To the extent applicable, cancer immunotherapies are also distinguished by whether or not they are derived from autologous or allogeneic sources. Different approaches to cancer immunotherapy design have the potential to confer corresponding advantages and disadvantages based on their respective immunostimulatory mechanisms, formulation characteristics, manufacturing requirements, and logistical demands.

There are no anti-cancer drugs currently approved by the FDA for patients with resected pancreatic cancer. However, there are several companies actively marketing anti-cancer drugs indicated for patients with advanced pancreatic cancer including: Celgene Corporation with Abraxane (nab-paclitaxel) and Genentech/Astellas with Tarceva (erlotonib). Additionally, there are numerous generic drugs approved for advanced disease including: gemcitabine, fluorouracil and mytomycin C. In addition, there are a number of companies with active clinical trials ongoing in pancreatic cancer.

There are numerous companies actively marketing FDA approved drugs for patients with Non-Small Cell Lung Cancer, or NSCLC, including Celgene with Abraxane (nab-paclitaxel), Genentech/Roche with Avastin (bevacizumab), Eli Lilly with Alimta (premetrexed), Astellas/Genentech with Tarceva (erlotinib) and Pfizer with Xalkori (crizotinib). Additionally, there a number of generic drugs with FDA approval for use in NSCLC, including cisplatin, docetaxel, paclitaxel, gemcitabine, vinorelbine and methotrexate. In addition, there are a number of companies with active clinical trials ongoing in NSCLC.

Research and discoveries by others may result in breakthroughs that render our HyperAcute product candidates, indoximod, NLG919 or our other potential products obsolete even before they begin to generate any revenue. If the FDA approves the commercial sale of any of our product candidates, we will also be competing with respect to marketing capabilities and manufacturing efficiency, areas in which we have limited or no experience. We expect that competition among products approved for sale will be based, among other things, on product efficacy, price, safety, reliability, availability, patent protection, and sales, marketing and distribution capabilities. Our profitability and financial position will suffer if our products receive regulatory approval but cannot compete effectively in the marketplace.

Our biodefense product candidates face significant competition for United States government funding for both development and procurement of medical countermeasures for biological, chemical and nuclear threats, diagnostic testing systems and other emergency preparedness countermeasures. Public and private biopharmaceutical companies, academic institutions, government agencies, private research organizations and public research organizations are conducting research and filing patents toward commercialization of products. In particular, given the widespread media attention on the current Ebola epidemic, there are competitive efforts by public and private entities to develop an Ebola vaccine as fast as possible, including by GlaxoSmithKline. Those other entities may develop Ebola vaccines that are more effective than any we may develop, or may develop an Ebola vaccine at a lower cost or earlier than we are able to develop any Ebola vaccine, or they may be more successful at commercializing an Ebola vaccine. The success or failure of other entities, or perceived success or failure, may adversely impact our ability to obtain any future funding for our Ebola vaccine development efforts. In addition, we may not be able to compete effectively if our product candidates do not satisfy government procurement requirements with respect to biodefense products.

Our future products, if any, may not be accepted in the marketplace; therefore, we may not be able to generate significant revenue, or any revenue.

Even if the HyperAcute product candidates, indoximod, NLG919 or any of our other potential products are approved for sale, physicians and the medical community may not ultimately use them or may use them only in applications more restricted

than we expect. Our future products, if successfully developed, will compete with a number of traditional products and immunotherapies manufactured and marketed by major pharmaceutical and other biotechnology companies. Our products will also compete with new products currently under development by such companies and others. Physicians will prescribe a product only if they determine, based on experience, clinical data, side effect profiles and other factors, that it is beneficial as compared to other products currently in use. Many other factors influence the adoption of new products, including marketing and distribution restrictions, course of treatment, adverse publicity, product pricing, the views of thought leaders in the medical community and reimbursement by government and private third party payors.

Risks Relating to Our Arrangements with Third Parties

We rely on third parties to conduct our preclinical studies and our clinical trials. If these third parties do not perform as contractually required or expected, we may not be able to obtain regulatory approval for our product candidates, or we may be delayed in doing so.

We do not have the ability to conduct preclinical studies or clinical trials independently for our product candidates. We must rely on third parties, such as contract research organizations, medical institutions, academic institutions, clinical investigators and contract laboratories, to conduct our preclinical studies and clinical trials. We are responsible for confirming that our preclinical studies are conducted in accordance with applicable regulations and that each of our clinical trials is conducted in accordance with its general investigational plan and protocol. The FDA requires us to comply with GLP for conducting and recording the results of our preclinical studies and cGCP for conducting, monitoring, recording and reporting the results of clinical trials, to assure that data and reported results are accurate and that the clinical trial participants are adequately protected. Our reliance on third parties does not relieve us of these responsibilities. If the third parties conducting our clinical trials do not perform their contractual duties or obligations, do not meet expected deadlines, fail to comply with cGCP, do not adhere to our clinical trial protocols or otherwise fail to generate reliable clinical data, we may need to enter into new arrangements with alternative third parties and our clinical trials may be more costly than expected or budgeted, extended, delayed or terminated or may need to be repeated, and we may not be able to obtain regulatory approval for or commercialize the product candidate being tested in such trials.

Further, if our contract manufacturers are not in compliance with regulatory requirements at any stage, including post-marketing approval, we may be fined, forced to remove a product from the market and/or experience other adverse consequences, including delays, which could materially harm our business.

If we fail to enter into any needed collaboration agreements for our product candidates, we may be unable to commercialize them effectively or at all.

To successfully commercialize the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any other potential product, we will need substantial financial resources as well as expertise and physical resources and systems. We may elect to develop some or all of these physical resources and systems and expertise ourselves or we may seek to collaborate with another company that can provide some or all of such physical resources and systems as well as financial resources and expertise. In October 2014, we entered into the Genentech Agreement to commercialize NLG919. Such collaborations are complex and any potential discussions may not result in a definitive agreement for many reasons. For example, whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration, and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of our clinical trials, the potential market for the HyperAcute product candidates, indoximod, our Ebola vaccine product candidate or any other potential product, the costs and complexities of manufacturing and delivering the HyperAcute product candidates, indoximod, our Ebola vaccine product candidate or any other potential product to patients, the potential of competing products, the existence of uncertainty with respect to ownership or the coverage of our technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. If we were to determine that a collaboration for the HyperAcute product candidates, indoximod, our Ebola vaccine product candidate or any other potential product is necessary or beneficial and were unable to enter into such a collaboration on acceptable terms, we might elect to delay or scale back the commercialization of the HyperAcute product candidates, indoximod, our Ebola vaccine product candidate or any other potential product in order to preserve our financial resources or to allow us adequate time to develop the required physical resources and systems and expertise ourselves.

If we enter into a collaboration agreement we consider acceptable, including the Genentech Agreement to commercialize NLG919, the collaboration may not proceed as quickly, smoothly or successfully as we plan. The risks in a collaboration agreement include the following:

- the collaborator may not apply the expected financial resources, efforts or required expertise in developing the physical resources and systems necessary to successfully commercialize the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any other potential product;
- the collaborator may not invest in the development of a sales and marketing force and the related infrastructure at levels that ensure that sales of the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any other potential product reach their full potential;
- disputes may arise between us and a collaborator that delay the commercialization or adversely affect its sales or profitability of the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any other potential product; or
- the collaborator may independently develop, or develop with third parties, products that could compete with the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any other potential product.

Under the Genentech Agreement and any other collaboration for our HyperAcute product candidates, indoximod, our Ebola vaccine product candidate or any of our other product candidates into which we may enter, we will be dependent on our collaborators' performance of their responsibilities and their cooperation with us. Our collaborators may not perform their obligations under our agreements with them or otherwise cooperate with us. We cannot control whether our collaborators will devote the necessary resources to the activities contemplated by our collaborative agreements, nor can we control the timing of their performance. Our collaborators may choose to pursue existing or alternative technologies in preference to those being developed in collaboration with us. Disputes may arise between us and our collaborators that delay the development and commercialization of our product candidates that are difficult and costly to resolve, or may not be resolved. In addition, a collaborator for the HyperAcute product candidates, indoximod, our Ebola vaccine product candidate or any other potential product may have the right to terminate the collaboration at its discretion and, in the case of NLG919, Genentech does have the right to terminate the Genentech Agreement for any reason after October 16, 2016. Any termination may require us to seek a new collaborator, which we may not be able to do on a timely basis, if at all, or require us to delay or scale back the commercialization efforts. The occurrence of any of these events could adversely affect the commercialization of the HyperAcute product candidates, indoximod, NLG919, our Ebola vaccine product candidate or any other potential product and materially harm our business and stock price by delaying the sale of any product that may be approved by the FDA, by slowing the growth of such sales, by reducing the profitability of the product and/or by adversely affecting the reputation of the product.

We may explore strategic collaborations that may never materialize or may fail.

We may, in the future, periodically explore a variety of possible strategic collaborations in an effort to gain access to additional product candidates or resources. At the current time, we cannot predict what form such a strategic collaboration might take. We are likely to face significant competition in seeking appropriate strategic collaborators, and these strategic collaborations can be complicated and time consuming to negotiate and document. We may not be able to negotiate strategic collaborations on acceptable terms, or at all. We are unable to predict when, if ever, we will enter into any additional strategic collaborations because of the numerous risks and uncertainties associated with establishing strategic collaborations.

Under the Genentech Agreement, we are required, and if we enter into one or more strategic collaborations, we may be required to relinquish important rights to and control over the development of our product candidates or otherwise be subject to unfavorable terms.

Our collaboration under the Genentech Agreement and future strategic collaborations we enter into could subject us to a number of risks, including:

- we may be required to undertake the expenditure of substantial operational, financial and management resources;
- other than under the Genentech Agreement, we may be required to issue equity securities that would dilute our existing stockholders' percentage ownership;
- we may be required to assume substantial actual or contingent liabilities;
- we may not be able to control the amount and timing of resources that our strategic collaborators devote to the development or commercialization of our product candidates;
- strategic partners may delay clinical trials, provide insufficient funding, terminate a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new version of a product candidate for clinical testing;
- strategic collaborators may not pursue further development and commercialization of products resulting from the strategic collaboration arrangement or may elect to discontinue research and development programs;
- strategic collaborators may not commit adequate resources to the marketing and distribution of our product candidates, limiting our potential revenues from these products;

- disputes may arise between us and our strategic collaborators that result in the delay or termination of the research, development or commercialization of our product candidates or that result in costly litigation or arbitration that diverts management's attention and consumes resources;
- strategic collaborators may experience financial difficulties;
- strategic collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in a manner that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- business combinations or significant changes in a strategic collaborator's business strategy may also adversely affect a strategic collaborator's willingness or ability to complete its obligations under any arrangement;
- strategic collaborators could decide to move forward with a competing product candidate developed either independently or in collaboration with others, including our competitors; and
- strategic collaborators could terminate the arrangement or allow it to expire, which would delay the development and may increase the cost of developing our product candidates.

Risks Relating to Protecting Our Intellectual Property

If we are unable to protect our proprietary rights or to defend against infringement claims, we may not be able to compete effectively or operate profitably.

Our success will depend, in part, on our ability to obtain patents, operate without infringing the proprietary rights of others and maintain trade secrets, both in the United States and other countries. Patent matters in the biotechnology and pharmaceutical industries can be highly uncertain and involve complex legal and factual questions. Accordingly, the validity, breadth, and enforceability of our patents and the existence of potentially blocking patent rights of others cannot be predicted, either in the United States or in other countries.

There can be no assurance that we will discover or develop patentable products or processes or that patents will issue from any of the currently pending patent applications or that claims granted on issued patents will be sufficient to protect our technology or adequately cover the actual products we may actually sell. Potential competitors or other researchers in the field may have filed patent applications, been issued patents, published articles or otherwise created prior art that could restrict or block our efforts to obtain additional patents. There also can be no assurance that our issued patents or pending patent applications, if issued, will not be challenged, invalidated, rendered unenforceable or circumvented or that the rights granted hereunder will provide us with proprietary protection or competitive advantages. Our patent rights also depend on our compliance with technology and patent licenses upon which our patent rights are based and upon the validity of assignments of patent rights from consultants and other inventors that were, or are, not employed by us.

In addition, competitors may manufacture and sell our potential products in those foreign countries where we have not filed for patent protection or where patent protection may be unavailable, not obtainable or ultimately not enforceable. In addition, even where patent protection is obtained, third party competitors may challenge our patent claims in the various patent offices, for example via opposition in the European Patent Office or reexamination or interference proceedings in the United States Patent and Trademark Office, or USPTO. The ability of such competitors to sell such products in the United States or in foreign countries where we have obtained patents is usually governed by the patent laws of the countries in which the product is sold.

We will incur significant ongoing expenses in maintaining our patent portfolio. Should we lack the funds to maintain our patent portfolio or to enforce our rights against infringers, we could be adversely impacted. Even if claims of infringement are without merit, any such action could divert the time and attention of management and impair our ability to access additional capital and/or cost us significant funds to defend.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to United States patent law. These include provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. The United States Patent and Trademark Office has developed regulations and procedures to govern administration of the Leahy-Smith Act, but many of the substantive changes to patent law associated with the Leahy-Smith Act, particularly the first inventor to file provisions, only became effective 18 months after its enactment. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

We may be subject to litigation with respect to the ownership and use of intellectual property that will be costly to defend or pursue and uncertain in its outcome.

Our success also will depend, in part, on our refraining from infringing patents or otherwise violating intellectual property owned or controlled by others. Pharmaceutical companies, biotechnology companies, universities, research institutions, and others may have filed patent applications or have received, or may obtain, issued patents in the United States or elsewhere relating to aspects of our technology. It is uncertain whether the issuance of any third-party patents will require us to alter our products or processes, obtain licenses, or cease certain activities. Some third-party applications or patents may conflict with our issued patents or pending applications. Any such conflict could result in a significant reduction of the scope or value of our issued or licensed patents.

In addition, if patents issued to other companies contain blocking, dominating or conflicting claims and such claims are ultimately determined to be valid, we may be required to obtain licenses to these patents or to develop or obtain alternative non-infringing technology and cease practicing those activities, including potentially manufacturing or selling any products deemed to infringe those patents. If any licenses are required, there can be no assurance that we will be able to obtain any such licenses on commercially favorable terms, if at all, and if these licenses are not obtained, we might be prevented from pursuing the development and commercialization of certain of our potential products. Our failure to obtain a license to any technology that we may require to commercialize our products on favorable terms may have a material adverse impact on our business, financial condition and results of operations.

Litigation, which could result in substantial costs to us (even if determined in our favor), may also be necessary to enforce any patents issued or licensed to us or to determine the scope and validity of the proprietary rights of others. There can be no assurance that our issued or licensed patents would be held valid by a court of competent jurisdiction or that any third party would be found to infringe our patents.

In addition, if our competitors file patent applications in the United States that claim technology also claimed by us, we may have to participate in interference proceedings to determine priority of invention. These proceedings, if initiated by the USPTO, could result in substantial cost to us, even if the eventual outcome is favorable to us. Such proceedings can be lengthy, are costly to defend and involve complex questions of law and fact the outcomes of which are difficult to predict. An adverse outcome with respect to a third party claim or in an interference proceeding could subject us to significant liabilities, require us to license disputed rights from third parties, or require us to cease using such technology, any of which could have a material adverse effect on our business, financial condition and results of operations.

We also rely on trade secrets to protect technology, especially where patent protection is not believed to be appropriate or obtainable or where patents have not issued. We attempt to protect our proprietary technology and processes, in part, with confidentiality agreements and assignment of invention agreements with our employees and confidentiality agreements with our consultants and certain contractors. There can be no assurance that these agreements will not be breached, that we would have adequate remedies for any breach, or that our trade secrets will not otherwise become known or be independently discovered by competitors. We may fail in certain circumstances to obtain the necessary confidentiality agreements, or their scope or term may not be sufficiently broad to protect our interests.

If our trade secrets or other intellectual property become known to our competitors, it could result in a material adverse effect on our business, financial condition and results of operations. To the extent that we or our consultants or research collaborators use intellectual property owned by others in work for us, disputes may also arise as to the rights to related or resulting know-how and inventions.

Risks Relating to Our Exposure to Litigation

We are exposed to potential product liability or similar claims, and insurance against these claims may not be available to us at a reasonable rate in the future.

Our business exposes us to potential liability risks that are inherent in the testing, manufacturing, marketing and commercial sale of human therapeutic products. Clinical trials involve the testing of product candidates on human subjects or volunteers under a research plan, and carry a risk of liability for personal injury or death to patients due to unforeseen adverse side effects, improper administration of the product candidate, or other factors. Many of these patients are already seriously ill and are therefore particularly vulnerable to further illness or death. In addition, healthy volunteers in our Ebola vaccine product candidate clinical trial may suffer, or perceive themselves to suffer, personal injury or death related to the Ebola vaccine product candidate, and may initiate legal action against us.

We currently carry clinical trial liability insurance in the amount of $5 million in the aggregate, but there can be no assurance that we will be able to maintain such insurance or that the amount of such insurance will be adequate to cover claims. We could be materially and adversely affected if we were required to pay damages or incur defense costs in connection with a claim outside the scope of indemnity or insurance coverage, if the indemnity is not performed or enforced in accordance with its terms, or if our liability exceeds the amount of applicable insurance. In addition, there can be no assurance that insurance will continue to be available on terms acceptable to us, if at all, or that if obtained, the insurance coverage will be sufficient to cover any potential claims or liabilities. Similar risks would exist upon the commercialization or marketing of any future products by us or our collaborators.

Regardless of their merit or eventual outcome, product liability claims may result in:

- decreased demand for our product;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial volunteers;
- costs of litigation;
- distraction of management; and
- substantial monetary awards to plaintiffs.

We may become involved in securities class action litigation that could divert management's attention and adversely affect our business and could subject us to significant liabilities.

The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the common stock of biopharmaceutical companies. These broad market fluctuations as well a broad range of other factors, including the realization of any of the risks described in this "Risk Factor," section of this Quarterly Report on Form 10-Q, may cause the market price of our common stock to decline. In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and pharmaceutical companies generally experience significant stock price volatility. We may become involved in this type of litigation in the future. Litigation often is expensive and diverts management's attention and resources, which could adversely affect our business. Any adverse determination in any such litigation or any amounts paid to settle any such actual or threatened litigation could require that we make significant payments.

Risks Related to Ownership of Our Common Stock

The market price of our common stock may be highly volatile, and could decline significantly.

The trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including those described elsewhere in this "Risk Factors" section of this this Quarterly Report on Form 10-Q and the following:

- new products, product candidates or new uses for existing products introduced or announced by our strategic collaborators, or our competitors, and the timing of these introductions or announcements;
- actual or anticipated results from and any delays in our clinical trials, including our Phase 3 IMPRESS clinical trial of our algenpantucel-L, as well as results of regulatory reviews relating to the approval of our product candidates;
- variations in the level of expenses related to any of our product candidates or clinical development programs, including relating to the timing of invoices from, and other billing practices of, our clinical research organizations and clinical trial sites;
- expenses related to, or our ability or perceived ability to secure, an adequate supply of any future products approved for commercial sale;
- the results of our efforts to discover, develop, acquire or in-license additional product candidates or products;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures and capital commitments;
- the commercial or clinical success or failure, or perceived successes or failures, of our collaborators, including Genentech;
- additions or departures of key scientific or management personnel;
- conditions or trends in the biotechnology and biopharmaceutical industries;

- media attention, or changes in media attention, on cancer and cancer treatment, on the Ebola epidemic and efforts to develop treatments and vaccines for Ebola, or any other condition or disease that our product candidates are being developed to treat;
- actual or anticipated changes in earnings estimates, development timelines or recommendations by securities analysts;
- actual and anticipated fluctuations in our quarterly operating results;
- the financial projections we may provide to the public, and any changes in these projections or our failure to meet these projections;
- deviations from securities analysts' estimates or the impact of other analyst ratings downgrades by any securities analysts who follow our common stock;
- other events or factors, including those resulting from war, incidents of terrorism, natural disasters or responses to these events;
- changes in accounting principles;
- discussion of us or our stock price by the financial and scientific press and in online investor communities;
- general economic and market conditions and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies; and
- sales of common stock by us or our stockholders in the future, as well as the overall trading volume of our common stock.

In addition, the stock market in general and the market for biotechnology and biopharmaceutical companies in particular have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business and financial condition.

Our principal stockholders and management own a significant percentage of our stock and will be able to exercise significant influence over matters subject to stockholder approval.

As of September 30, 2014, our executive officers, directors and principal stockholders, together with their respective affiliates, owned approximately 44.9% of our common stock, including shares subject to outstanding options and warrants that are exercisable within 60 days after September 30, 2014. These stockholders will be able to exert a significant degree of influence over our management and affairs and over matters requiring stockholder approval, including the election of our Board of Directors, future issuances of our common stock or other securities, declarations of dividends on our common stock and approval of other significant corporate transactions. This concentration of ownership could have the effect of delaying or preventing a change in our control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material and adverse effect on the fair market value of our common stock. In addition, sales of shares beneficially owned by executive officers and directors and their affiliates could be viewed negatively by third parties and have a negative impact on our stock price. Moreover, we cannot assure you as to how these shares may be distributed and subsequently voted.

A significant portion of our total outstanding shares of common stock is restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur in the future. These sales, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. Certain holders of outstanding shares of our common stock that have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

We incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to meet compliance obligations.

As a public company, we incur significant legal, accounting and other expenses to comply with reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and The NASDAQ Stock Market, or NASDAQ. Meeting the requirements of these rules and regulations entails significant legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources. Our management and other personnel devote a substantial amount of time to these compliance requirements. In addition, these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our Board of Directors, our board committees or as executive officers.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our ability to produce accurate financial statements and on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to publish a report by our management on our internal control over financial reporting. To achieve compliance with Section 404, we have engaged in a process to document and evaluate our internal control over financial reporting, which has been both costly and challenging. To maintain compliance on an ongoing basis, we will need to dedicate internal resources, engage outside consultants and adopt a detailed work plan. Despite our effort, there is a risk that neither we nor our independent registered public accounting firm will be able to conclude that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We do not expect to pay any cash dividends for the foreseeable future. Investors may never obtain a return on their investment.

You should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, our ability to pay cash dividends is currently prohibited by the terms of one of our debt financing arrangements, and any future debt financing arrangement may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our common stock.

Provisions in our certificate of incorporation, our by-laws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions of our certificate of incorporation, our by-laws or Delaware law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interest. These provisions include:

- the division of our Board of Directors into three classes with staggered, three-year terms;
- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to act by written consent or to call special meetings;
- limitation on the ability of stockholders to remove directors or amend our by-laws; and
- the ability of our Board of Directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could include the right to approve an acquisition or other change in our control or could be used to institute a rights plan, also known as a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our Board of Directors.

In addition, Section 203 of the Delaware General Corporation Law prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

Our stockholders may be diluted, and the prices of our securities may decrease, by the exercise of outstanding stock options and warrants or by future issuances of securities by us.

We may issue additional common stock, preferred stock, restricted stock units, or securities convertible into or exchangeable for our common stock. Furthermore, substantially all shares of common stock for which our outstanding stock options or warrants are exercisable are, once they have been purchased, eligible for immediate sale in the public market. The issuance of additional common stock, preferred stock, restricted stock units, or securities convertible into or exchangeable for our common stock or the exercise of stock options or warrants would dilute existing investors and could adversely affect the price of our securities. In addition, such securities may have rights senior to the rights of securities held by existing investors.

Our ability to use our net operating loss carryforwards and certain other tax attributes is limited by Sections 382 and 383 of the Internal Revenue Code.

Sections 382 and 383 of the Internal Revenue Code limit a corporation's ability to utilize its net operating loss carryforwards and certain other tax attributes (including research credits) to offset any future taxable income or tax if the corporation experiences a cumulative ownership change of more than 50% over any rolling three year period. State net operating loss carryforwards (and certain other tax attributes) may be similarly limited. A Section 382 ownership change can therefore result in significantly greater tax liabilities than a corporation would incur in the absence of such a change and any increased liabilities could adversely affect the corporation's business, results of operations, financial condition and cash flow.

Based on Section 382 ownership change analyses, we believe that, from its inception through December 31, 2013, NewLink experienced Section 382 ownership changes in September 2001 and March 2003 and BPS experienced Section 382 ownership changes in January 2006 and January 2011. These ownership changes limit NewLink's ability to utilize federal net operating loss carryforwards (and certain other tax attributes) that accrued prior to the respective ownership changes of NewLink and our subsidiary.

Additional analysis will be required to determine whether changes in our ownership since December 31, 2013 have occurred. Any such change could result in significant limitations on all of our net operating loss carryforwards and other tax attributes.

Additional ownership changes may occur in the future as a result of events over which we will have little or no control, including purchases and sales of our equity by our 5% stockholders, the emergence of new 5% stockholders, additional equity offerings or redemptions of our stock or certain changes in the ownership of any of our 5% stockholders.

Accounting pronouncements may impact our reported results of operations and financial position.

United States generally accepted accounting principles, or GAAP, and related implementation guidelines and interpretations can be highly complex and involve subjective judgments. Changes in these rules or their interpretation, the adoption of new pronouncements or the application of existing pronouncements to changes in our business could significantly alter our reported financial statements and results of operations.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If no securities or industry analysts commence coverage of our company, the trading price for our stock would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock, publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

Use of Proceeds

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits listed in the Index to Exhibits (following the signatures page of this Quarterly Report) are filed with, or incorporated by reference in, this Quarterly Report.

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.

NEWLINK GENETICS CORPORATION

By: /s/ Charles J. Link, Jr.
Charles J. Link, Jr.
Chief Executive Officer
(Principal Executive Officer)
Date: November 10, 2014

By: /s/ John B. Henneman, III
John B. Henneman, III
Chief Financial Officer and Secretary
(Principal Financial Officer)
Date: November 10, 2014

The following exhibits are filed with this form 10-Q or incorporated herein by reference to the document set forth next to the exhibit listed below. Where so indicated, exhibits that were previously filed are incorporated by reference.

Exhibit Number		Description	Incorporated By Reference			Filed Herewith
			Form	Filing Date	Number	
3.1		Amended and Restated Certificate of Incorporation filed on November 16, 2011	8-K	11/18/2011	3.1	
3.2		Certificate of Amendment to Restated Certificate of Incorporation filed on May 10, 2013	8-K	5/14/2013	3.1	
3.3		Amended and Restated Bylaws	8-K	11/18/2011	3.2	
4.1		Form of the Registrant's Common Stock Certificate	S-1/A	10/26/2011	4.1	
4.2		Reference is made to Exhibits 3.1, 3.2 and 3.3 hereof				
4.3		Amended and Restated Investor Rights Agreement by and between the Company and certain holders of the Company's capital stock dated as of December 1, 2010	10-Q	5/10/2012	4.3	
10.1	†	License and Collaboration Agreement dated October 16, 2014 by and among the Company, NewLink Global, Genentech, Inc. and F. Hoffmann-LaRoche Ltd.				X
10.2		Amendment dated September 30, 2014 to the Development and Manufacturing Terms and Conditions by and between the Company and WuXi AppTec. Inc. dated June 19, 2014				X
10.3	†	Amendment dated March 28, 2006 to the License Agreement by and between the Company and Georgia Regents Research Institute, Inc., formerly known as Medical College of Georgia Research Institute dated September 13, 2005				X
10.4	†	Amendment dated July 10, 2014 to the License Agreement by and between the Company and Georgia Regents Research Institute, Inc., formerly known as Medical College of Georgia Research Institute dated September 13, 2005				X
10.5		Amendment dated July 31, 2014 to the Sole License Agreement by and between BioProtection Systems Corporation and Her Majesty the Queen in Right of Canada as Represented by the Minister of Health dated May 4, 2010				X
31.1		Certification of principal executive officer required by Rule 13a-14(a) / 15d-14(a)				X
31.2		Certification of principal financial officer required by Rule 13a-14(a) / 15d-14(a)				X
32.1	#	Section 1350 Certification				X
101.INS	‡	XBRL Instance Document				X
101.SCH	‡	XBRL Taxonomy Extension Schema Document				X
101.CAL	‡	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	‡	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	‡	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	‡	XBRL Taxonomy Extension Presentation Linkbase Document				X

† Indicates confidential treatment has been requested with respect to specific portions of this exhibit. Omitted portions have been filed with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

\# The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of NewLink Genetics Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

‡ Filed herewith electronically.

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Confidential **Execution Version**

—

License and Collaboration Agreement

by and between

NewLink Genetics Corporation

and

NewLink Global

and

Genentech, Inc.

and

F. Hoffmann-La Roche Ltd

—

October 16, 2014

LICENSE AND COLLABORATION AGREEMENT

This LICENSE AND COLLABORATION AGREEMENT (this "**Agreement**") is made as of October 16, 2014 (the "**Execution Date**"), by and between **NewLink Global**, an exempted company organized and existing under the laws of the Cayman Islands, having its principal place of business at Grand Cayman, Cayman Islands ("**NGC**"), **NewLink Genetics Corporation**, a corporation organized and existing under the laws of Delaware, having its principal place of business at 2503 South Loop Drive, Ames, Iowa 50010 ("**NLNK**") (NGC and NLNK collectively, "**NewLink**"), and **Genentech, Inc.**, a corporation organized and existing under the laws of Delaware, having its principal place of business at 1 DNA Way, South San Francisco, California 94080 USA ("**GNE**"), and F. Hoffmann-La Roche Ltd, a corporation organized and existing under the laws of Switzerland, having its principal place of business at Grenzacherstrasse 124, CH 4070 Basel, Switzerland ("**Roche**") (GNE and Roche, collectively, "**Genentech**"). NewLink and Genentech are sometimes referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, NewLink controls certain patents and know-how relating to its proprietary program regarding inhibitors of the IDO Target and TDO Target (as defined below), including patents and know-how covering the lead compound NLG919 and other compounds that are inhibitors of one or both targets;

WHEREAS, Genentech is a pharmaceutical company with expertise in developing and commercializing pharmaceutical products; and

WHEREAS, Genentech wishes to obtain from NewLink the exclusive rights to develop and commercialize such compounds, and NewLink wishes to grant such rights to Genentech, all under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Genentech and NewLink hereby agree as follows:

Article 1
DEFINITIONS

The terms in this Agreement with initial letters capitalized shall have the meanings set forth below, or the meaning as designated in the indicated places throughout this Agreement.

1.1 "**Accounting Standard**" means, with respect to Genentech, the then-current generally accepted accounting principles in the United States, or International Financial Reporting Standards (IFRS), whichever is currently used as the standard financial accounting guideline at the applicable time by, and as consistently applied by Genentech or its Sublicensee, as applicable.

1.2 "**Active Ingredient**" means the clinically active molecule(s) that provide pharmacological activity in a pharmaceutical product (excluding formulation components such as coatings, stabilizers, excipients or solvents, adjuvants or controlled release technologies).

1.3 "**Advanced Reversion Product**" means any product that contains a Reversion Compound [*] to the [*].

1.4 "**Affiliate**" means, with respect to a Party, any Person that controls, is controlled by, or is under common control with that Party. For the purpose of this definition only, "control" (including, with correlative meaning, the terms "controlled by" and "under the common control") means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such Person, whether by the ownership of more than fifty percent (50%) of the voting stocking of such Person, by contract or otherwise. Notwithstanding the foregoing, for purposes of this Agreement, Chugai Pharmaceutical Co., Ltd, (for purposes of this definition, ***"Chugai"***) and all business entities controlled by Chugai shall not be considered Genentech's Affiliates, unless and until Genentech elects to include one or more of such business entities as an Affiliate, by providing written notice to NewLink of such election.

1.5 "**Alliance Manager**" is defined in Section 2.1.

1.6 "**Business Day**" means a day other than a Saturday, Sunday or a day that is a bank holiday in the U.S.

1.7 "**Change of Control**" means, with respect to a Party, (a) a merger or consolidation of such Party with a Third Party that results in the voting securities of such Party outstanding immediately prior thereto, or any securities into which such voting securities have been converted or exchanged, ceasing to represent at least fifty percent (50%) of the combined voting power of the surviving entity or the parent of the surviving entity immediately after such merger or consolidation, or (b) a transaction or series of related transactions in which a Third Party, together with its Affiliates, becomes the beneficial owner of fifty percent (50%) or more of the combined voting power of the outstanding securities of such Party, or (c) the sale or other transfer to a Third Party of all or substantially all of such Party's business to which the subject matter of this Agreement relates.

1.8 "**Claims**" means all Third Party demands, claims, actions, suits, proceedings, demands or judgments.

1.9 "**Collaboration**" means the collaboration of the Parties with respect to the Research of the Licensed Compounds and the Development and Commercialization of the Licensed Products in the Field, as and to the extent set forth in this Agreement.

1.10 "**Collaboration Intellectual Property**" means any information, discoveries, improvements, modifications, processes, methods, designs, protocols, formulas, data, inventions, algorithms, forecasts, profiles, strategies, plans, results, know-how and trade secrets, patentable or otherwise, that is discovered, generated, conceived and/or reduced to practice by or on behalf either Party (including its Affiliates, employees, agents and contractors), whether solely or jointly, in the

course of or as a result of the performance of the Next Gen Research Program, including all rights, title and interest in and to the intellectual property rights therein and thereto.

1.11 "**Collaboration Know-How**" means Know-How that is within the Collaboration Intellectual Property.

1.12 "**Collaboration Patents**" means Patent Rights that claim any Collaboration Intellectual Property.

1.13 "**Combination Product**" is defined in Section 1.78 (definition of "Net Sales").

1.14 "**Commercialize**" or "**Commercialization**" means all activities directed to commercial manufacturing, marketing, promoting, advertising, exhibiting, distributing, detailing or selling a Licensed Product in the Field (including importing and exporting activities in connection therewith).

1.15 "**Commercially Reasonable Efforts**" means: (a) where applied to carrying out specific tasks and obligations of a Party under this Agreement, [*] as such Party [*]; and (b) where applied to activities relating to Research of a Next Generation Compound, or the Development and/or Commercialization of a Licensed Product, [*]. For clarity, [*] shall include [*] to a [*], such as [*], provided that [*].

1.16 **"Committee**" means the JRC, any JDT or any subcommittee established under Sections 2.2 and 2.3, as applicable. The activities to be performed by each Committee shall solely relate to governance under this Agreement, and are not intended to be or involve the delivery of services.

1.17 "**Compound**" means a compound (a) with a [*], (b) that binds to and inhibits the activity of one or both of the IDO Target and TDO Target, with an IC50 of [*] in the applicable Enzymatic Assay, and (c) that is [*] the inhibition of one or both of the IDO Target or TDO Target, including NLG919, but excluding Indoximod.

1.18 "[*****]" shall mean [*].

1.19 "[*****]" is defined in [*].

1.20 "**Confidential Information**" of a Disclosing Party means all Know-How, unpublished patent applications and other non-public information and data of a financial, commercial, business, operational or technical nature of such Disclosing Party or its Affiliate that is disclosed by or on behalf of such Disclosing Party or any of its Affiliates or otherwise made available to the Receiving Party or any of its Affiliates, in each case in connection with this Agreement or the Confidentiality Agreement, whether made available orally, visually, in writing or in electronic form. In addition, and notwithstanding anything to the contrary in this Agreement, the terms and conditions of this Agreement, the Next Gen Research Plan, the Initial Development Plan, any information relating to the Next Gen Research Program, any materials or information

provided pursuant to Section 5.9, and all Collaboration Intellectual Property shall be deemed the Confidential Information of both Parties.

1.21 "**Confidentiality Agreement**" is defined in Section 14.9.

1.22 "**Control**" or "**Controlled**" means the possession by a Party (whether by ownership, license or otherwise) of, (a) with respect to any tangible Know-How, the legal authority or right to physical possession of such tangible Know-How, with the right to provide such tangible Know-How to the other Party on the terms and conditions set forth herein, or (b) with respect to Patent Rights, intangible Know-How or other intellectual property rights, the legal authority or right to grant a license, sublicense, access or right to use (as applicable) under such Patent Rights, intangible Know-How or other intellectual property rights to the other Party on the terms and conditions set forth herein, in each case of (a) and (b) without breaching the terms of any agreement with a Third Party.

1.23 "**Co-Promote**" and "**Co-Promotion**" means promotional activities directed to healthcare professionals in the furtherance of the Commercialization of Licensed Products or Subsequent Products.

1.24 "**Co-Promotion IP Rights**" means any [*] for [*], to the extent [*].

1.25 "**Co-Promotion Plan**" means the commercialization plan which includes sales force allocation, [*], the Parties' commercialization responsibilities, and sales effectiveness metrics.

1.26 "**Co-Promotion Territory**" means the United States.

1.27 **"Covered by"** or **"Cover,"** or the like, means, with respect to a given Licensed Product (or Subsequent Product, or Reversion Product, as applicable), that the [*] Licensed Product (or Subsequent Product, or Reversion Product, as applicable) (including the Licensed Compound (or Subsequent Compound, or Reversion Compound, as applicable) contained therein) is claimed by a Valid Claim.

1.28 "**Develop**" or "**Development**" means all development activities for any Licensed Product that are directed to obtaining Marketing Approval(s) of such Licensed Product, including: all non-clinical, preclinical and clinical activities, testing and studies of such Licensed Product; manufacturing development, process and formulation development; toxicology, pharmacokinetic, pharmacodynamic, drug-drug interaction, safety, tolerability and pharmacological studies; distribution of such Licensed Product for use in clinical trials (including placebos and comparators); statistical analyses; and the preparation, filing and prosecution of any MAA for such Licensed Product; development activities directed to label expansion (including prescribing information) and/or obtaining Marketing Approval for one or more additional Indications following initial Marketing Approval; development activities conducted after receipt of Marketing Approval which were a condition for the receipt of such Marketing Approval; and pharmacoeconomic studies relating to the Indication for which the applicable Licensed Product is being developed; in each case above, including investigator- and/or institution-sponsored studies for which a Party is providing material

or assistance or otherwise has written obligations to such investigator and/or institution; and all regulatory activities related to any of the foregoing.

1.29 "**Development Costs**" means [*] incurred by or on account of a Party in performing Development in accordance with the Development Plan.

1.30 "**Development Plan**" is defined in Section 5.3(a).

1.31 "**Disclosing Party**" is defined in Section 9.1(a).

1.32 "**Dispute**" means any controversy, claim or legal proceeding arising out of or relating to this Agreement, or the breach, termination or invalidity thereof. Notwithstanding the foregoing, Disputes shall not include any disagreements solely about decisions for which one Party has final decision making authority under this Agreement.

1.33 "**Dollars**" means the U.S. dollar, and "$" shall be interpreted accordingly.

1.34 "**Effective Date**" means the date this Agreement becomes effective, as determined in accordance with Section 14.19.

1.35 "**EMA**" means the European Medicines Agency or any successor entity thereto.

1.36 "**Enzymatic Assay**" means, with respect to the IDO Target, the assay described in [*], which is a method adapted from [*] and, with respect to the TDO Target, the assay described in the assay described in [*], which is a method adapted from [*]. Enzymatic Assay shall also include [*] of the enzyme reactions or [*], as agreed upon by the JRC. Any IC50's of control compounds measured [*] should fall [*] using the references listed above.

1.37 "**EU**" or "**European Union**" means (a) the European Union and its member states as of the Execution Date, which are: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom, and (b) each of their successors to the extent such successors occupy the same territory.

1.38 "**Executive Officer**" means, in the case of Genentech, its [*] and in the case of NewLink, the Chief Executive Officer or President of NLNK.

1.39 "**FDA**" means the United States Food and Drug Administration or any successor entity thereto.

1.40 "**Field**" means any use.

1.41 "**Filing**" of an MAA means the acceptance by a Regulatory Authority of an MAA for filing and review, if applicable, or otherwise the submission of such MAA.

1.42 "**First Commercial Sale**" means, with respect to any Licensed Product in any country or jurisdiction, the first invoiced sale of such Licensed Product by Genentech or its Affiliate or Sublicensee to a Third Party for distribution, use or consumption in such country or jurisdiction after the Marketing Approvals have been obtained for such Licensed Product in such country or jurisdiction.

1.43 "**FTE**" means the equivalent of a full-time individual's work for a twelve (12) month period (consisting of a total of [*] hours per year of dedicated effort). Any person who devotes more or less than [*] hours per year on the applicable activities shall be treated as an FTE on a pro-rata basis, based upon the actual number of hours worked by such person on such activities, divided by [*]; provided, however, that [*]. FTE activities shall not include [*] or [*].

1.44 "**FTE Rate**" means an initial rate of [*] Dollars ($[*]) per FTE per year for NewLink, which shall in each case apply through [*]. Thereafter, the FTE Rate shall be changed annually on a calendar year basis to reflect [*] in the [*] (based on [*] from the [*] to the [*]).

1.45 "**Genentech Indemnitee**" is defined in Section 12.1.

1.46 "**Genentech Know-How**" means all Know-How that is (a) Controlled by Genentech or its Affiliates as of the Execution Date or that comes into the Control of Genentech, its Affiliates or Sublicensees after the Execution Date and during the term of this Agreement, and (b) reasonably necessary or useful for the Research of any Compound or the Development or Commercialization of any Licensed Product or Subsequent Product. For clarity, Genentech Know-How shall include Genentech's interest in any Collaboration Know-How.

1.47 "**Genentech Patents**" means any Patent Right that is (a) Controlled by Genentech or its Affiliates as of the Execution Date or that comes into the Control of Genentech, its Affiliates or Sublicensees after the Execution Date and during the term of this Agreement, and (b) reasonably necessary or useful for the Research of any Compound or the Development or Commercialization of any Licensed Product or Subsequent Product. For clarity, Genentech Patents shall include Genentech's interest in any Collaboration Patents.

1.48 "**Genentech Reversion Technology**" means Genentech Technology that both (a) [*] with respect to [*], and (b) [*].

1.49 "**Genentech Technology**" means Genentech Know-How and Genentech Patents.

1.50 "**Generic Product**" means, with respect to a Licensed Product in a particular country, or region any pharmaceutical product that [*] is sold in such country or region by a Third Party that is not a licensee of Genentech or its Affiliates or Sublicensees and did not purchase such product in a chain of distribution that included any of Genentech or its Affiliates or Sublicensees.

1.51 "**GRRI**" means Georgia Regents Research Institute, Inc., which was formerly known as Georgia Health Sciences University Research Institute, Inc. and as Medical College of Georgia Research Institute, Inc.

1.52 "**GRRI License Agreement**" means that certain License Agreement between GRRI and NLNK dated September 13, 2005, as amended.

1.53 "**Governmental Authority**" means any federal, state, national, state, provincial or local government, or political subdivision thereof, or any multinational organization or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof, or any governmental arbitrator or arbitral body).

1.54 "**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules promulgated thereunder.

1.55 "**HSR Conditions**" means the following conditions, collectively: (a) the waiting period under the HSR Act shall have expired or earlier been terminated; (b) no injunction (whether temporary, preliminary or permanent) prohibiting consummation of the transaction contemplated by this Agreement or any material portion hereof shall be in effect; (c) no judicial or administrative proceeding opposing consummation of all or any part of this Agreement shall be pending; and (d) no requirements or conditions shall have been imposed by the United States Department of Justice or Federal Trade Commission (as applicable) in connection with the filings by the Parties under the HSR Act, other than requirements or conditions that are satisfactory to the Party on whom such requirements or conditions are imposed.

1.56 "**HSR Filing**" means filings with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice of a Notification and Report Form for Certain Mergers and Acquisitions (as that term is defined in the HSR Act) with respect to the subject matter of this Agreement, together with all required documentary attachments thereto.

1.57 "**IDO Target**" means [*].

1.58 "**IND**" means any investigational new drug application, clinical trial application, clinical trial exemption or similar or equivalent application or submission for approval to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirements of such Regulatory Authority.

1.59 "**Indemnified Party**" is defined in Section 12.3.

1.60 "**Indemnifying Party**" is defined in Section 12.3.

1.61 "**Indication**" means any separately defined, well-categorized class of human disease, syndrome or medical condition [*]. Each different [*] shall be a separate Indication; however each different [*] will not be considered a separate Indication.

1.62 "**Indoximod**" means NewLink's proprietary small molecule IDO pathway inhibitor known as of the Execution Date as indoximod, or 1-methyl-D-tryptophan, with the chemical structure as set forth in Exhibit A, or any, enantiomer, polymorph, salt form, base, acid, racemate, isomer, diastereomer, tautomer, solvate, hydrate, ester or Known Prodrug thereof.

1.63 "**Initial Development Plan**" is defined in Section 5.2.

1.64 "**Initiation**" means, with respect to a clinical trial of a Licensed Product, the first dosing of the first human subject for such clinical trial.

1.65 "**Joint Development Budget**" is defined in Section 5.3(a).

1.66 "**Joint Development Team**" or "**JDT**" is defined in Section 2.3.

1.67 "**Joint Research Committee**" or "**JRC**" is defined in Section 2.2.

1.68 "**Know-How**" means any information and materials, including discoveries, improvements, modifications, processes, methods, assays, designs, protocols, formulas, data, inventions, algorithms, forecasts, profiles, strategies, plans, results, know-how and trade secrets (in each case, patentable, copyrightable or otherwise), but excluding any Patent Rights.

1.69 "**Known Prodrug**" means a drug product that [*], and is [*] which is [*], such as [*] of the drug. For clarity, [*].

1.70 "**Law**" means any federal, state, local, foreign or multinational law, statute, standard, ordinance, code, rule, regulation, resolution or promulgation, or any order by any Governmental Authority, or any license, franchise, permit or similar right granted under any of the foregoing, or any similar provision having the force or effect of law.

1.71 "**Licensed Compound**" means NLG919 or any Next Generation Compound.

1.72 "**Licensed Product**" means any pharmaceutical product containing a Licensed Compound, alone or in combination with other Active Ingredients, in any formulation or dosage form and for any mode of administration.

1.73 "**LIMR**" means the Lankenau Institute for Medical Research.

1.74 "**LIMR License Agreements**" means (a) that certain Exclusive License Agreement between LIMR and NLNK dated July 7, 2005, as amended, (b) that certain Exclusive License Agreement between LIMR and NLNK dated April 23, 2009.

1.75 "**MAA**" or "**Marketing Authorization Application**" means an application to the appropriate Regulatory Authority for approval to commercially sell a Licensed Product (but excluding pricing approval) in the Field in a particular jurisdiction (including, without limitation, a New Drug Application in the U.S.) and all amendments and supplements thereto.

1.76 "**Major EU Country**" means [*] and [*].

1.77 "**Marketing Approval**" means all approvals necessary for the commercial sale of a Licensed Product in the Field in a given country or regulatory jurisdiction, including, where applicable, pricing or reimbursement approval in such country.

1.78 "Net Sales" shall mean, for a Licensed Product in a particular period, the amount calculated by subtracting from the Sales of such Licensed Product for such period: (i) [*]; (ii) [*]; (iii) [*]; and (iv) [*]. Notwithstanding the foregoing, solely for the purpose of calculating Net Sales under this Agreement, any [*] on Licensed Product sold to a Third Party shall be no greater, on a [*] based on the gross selling price prior to discount, than the [*] applied on the [*] sold for use in [*] Licensed Product to a Third Party for the applicable accounting period. "**Genentech Combined Product**" means any [*] (other than a Licensed Product) that has received Marketing Approval for use [*] with Licensed Product.

If a Licensed Product either (i) [*]; or (ii) is [*] (in either case ((i) or (ii)), a "**Combination Product**"), the Net Sales of such Licensed Product for the purpose of calculating royalties and sales-based milestones owed under this Agreement for sales of such Licensed Product, shall be determined as follows: first, [*] where A is the invoice price of such Licensed Product, if sold separately, and B is the total invoice price of the other Active Ingredient(s) in such Combination Product if sold separately. [*], then the adjustment to Net Sales shall be determined by the Parties in good faith to reasonably reflect the fair market value of the contribution of such Licensed Product in such Combination Product to the total fair market value of such Combination Product.

With respect to any sale of any Licensed Product in a given country for any substantive consideration other than monetary consideration on arm's length terms (which has the effect of reducing the invoiced amount below what it would have been in the absence of such non-monetary consideration), for purposes of calculating the Net Sales, such Licensed Product shall be deemed to be sold exclusively for cash at the average Net Sales price charged to Third Parties for cash sales of such Licensed Product in such country during the applicable reporting period (or if there were only *de minimis* cash sales in such country, at the fair market value as determined in good faith based on pricing in comparable markets). Notwithstanding the foregoing, Net Sales shall not include amounts (whether actually existing or deemed to exist for purposes of calculation) for Licensed Products distributed for use in clinical trials.

Net Sales shall be calculated on an accrual basis, in a manner consistent with Genentech's accounting policies for external reporting purposes, as consistently applied, in accordance with the then currently used Accounting Standard.

1.79 "**NewLink Combination Therapy**" means a combination therapeutic regimen that includes the administration of a Licensed Product and the administration of a NewLink HyperAcute Vaccine.

1.80 "NewLink HyperAcute Vaccine" means [*].

1.81 "**NewLink Indemnitee**" is defined in Section 12.2.

1.82 "**NewLink Know-How**" means all Know-How that is (a) Controlled by NewLink or its Affiliates as of the Execution Date or that comes into the Control of NewLink or its Affiliates after the Execution Date and during the Restriction Period, and (b) reasonably necessary or useful for the Research of any Compound, or the Development or Commercialization of any Licensed Product, but excluding all Know-How under the GRRI License Agreement and LIMR License

Agreements. For clarity, NewLink Know-How shall include NewLink's interest in any Collaboration Know-How. Notwithstanding the foregoing, in the event of a Change of Control of NewLink, the NewLink Know-How shall not include any Know-How that is (1) owned or controlled by a Third Party described in the definition of "Change of Control" [*] and existing prior to or as of the closing of such Change of Control, or (2) developed after such Change of Control without the use of the NewLink Know-How in existence prior to the closing of such Change of Control, or (3) developed after such Change of Control and not directly related to the Licensed Product or the Compound used therein.

1.83 "**NewLink Patents**" means any Patent Right that is (a) Controlled by NewLink or its Affiliates as of the Execution Date or that comes into the Control of NewLink or its Affiliates after the Execution Date and during the Restriction Period, and (b) reasonably necessary or useful for the Research of any Compound, or the Development or Commercialization of any Licensed Product, but excluding all Patent Rights under the GRRI License Agreement and LIMR License Agreements. For clarity, NewLink Patents shall include NewLink's interest in any Collaboration Patents. Notwithstanding the foregoing, (i) in the event of a Change of Control of NewLink, the NewLink Patents shall not include any Patent Right owned or controlled by a Third Party described in the definition of "Change of Control" [*] and (1) existing prior to or as of the closing of such Change of Control, (2) existing after the closing of such Change of Control and claiming inventions made prior to the closing of such Change of Control or (3) claiming only inventions made after such Change of Control without the use of the NewLink Know-How or NewLink Patents in existence prior to the closing of such Change of Control.

1.84 "**NewLink Technology**" means NewLink Patents and NewLink Know-How.

1.85 "**Next Generation Compound**" means any Compound other than NLG919: (a) that is invented, or [*], by or on behalf of NewLink or its Affiliate, whether solely or jointly, as of the Effective Date or thereafter during the Restriction Period (whether or not pursuant to the Research Plan), (b) that is invented or otherwise the [*], by or on behalf of Genentech or its Affiliate or Sublicensee, [*], whether solely or jointly, during the Next Gen Research Term (whether or not pursuant to the Research Plan), (c) the composition of matter, manufacture or use of which is Covered by a Valid Claim of a NewLink Patent or Collaboration Patent; or (d) that is an enantiomer, polymorph, salt form, base, acid, racemate, isomer, diastereomer, tautomer, solvate, hydrate, ester or Known Prodrug of a Compound described in (a), (b) or (c) above.

1.86 "**Next Generation Product**" means any Licensed Product that is not a NLG919 Product.

1.87 "**Next Gen Research Budget**" is defined in Section 4.3.

1.88 "**Next Gen Research Plan**" is defined in Section 4.3.

1.89 "**Next Gen Research Plan Costs**" is defined in Section 4.6.

1.90 **"Next Gen Research Program"** is defined in Section 4.1.

1.91 "**Next Gen Research Term**" is defined in Section 4.2.

1.92 "**NLG919**" means NewLink's proprietary small molecule IDO inhibitor known as of the Execution Date as NLG919, as further described in [*] or any enantiomer, polymorph, salt form, base, acid, racemate, isomer, diastereomer, tautomer, solvate, hydrate, ester or Known Prodrug thereof.

1.93 "**NLG919 Product**" means any Licensed Product that contains NLG919.

1.94 "[*****]" means a NLG919 Product that is administered to human subjects in a clinical trial who are also receiving [*] pursuant to the protocol for such trial.

1.95 "**Patent Rights**" means all patents and patent applications (which shall be deemed to include certificates of invention and applications for certificates of invention), including all divisionals, continuations, substitutions, continuations-in-part, re-examinations, reissues, additions, renewals, revalidations, extensions, registrations, and supplemental protection certificates and the like of any such patents and patent applications, and any and all foreign equivalents of the foregoing.

1.96 "[*****]" means a NLG919 Product that is administered to human subjects in a clinical trial who are also receiving [*] pursuant to the protocol for such trial.

1.97 "**Person**" means any individual, partnership, limited liability company, firm, corporation, association, trust, unincorporated organization or other entity.

1.98 "**Pharmacovigilance Agreement**" means an agreement entered into by the Parties to set forth the protocols and procedures for reporting adverse events and complying with reporting requirements set forth by Regulatory Authorities.

1.99 "**Phase 1 Clinical Trial**" means a controlled human clinical trial of a Licensed Product that would satisfy the requirements of 21 CFR 312.21(a) or corresponding foreign regulations, regardless of whether such trial is referred to as a "phase 1 clinical trial".

1.100 "**Phase 2 Clinical Trial**" means a controlled human clinical trial of a Licensed Product that would satisfy the requirements of 21 CFR 312.21(b) or corresponding foreign regulations, regardless of whether such trial is referred to as a "phase 2 clinical trial".

1.101 "**Phase 3 Clinical Trial**" means a controlled or uncontrolled human clinical trial of a Licensed Product that would satisfy the requirements of 21 CFR 312.21(c) or corresponding foreign regulations, regardless of whether such trial is referred to as a "phase 3 clinical trial".

1.102 "[*****]" means the [*] program that is [*] and that is [*] of the pRED Organization.

1.103 "[*****]" shall mean the [*] of Roche.

1.104 "**Product Infringement**" is defined in Section 8.4(a).

1.105 "**Product Marks**" is defined in Section 8.5.

1.106 "**Product-Specific Patent**" means any NewLink Patents and Collaboration Patents (including any Collaboration Patents owned or co-owned by NewLink) in which [*] to the [*] and [*]. Notwithstanding anything to the contrary herein, all [*] are deemed Product-Specific Patents.

1.107 "**Program Materials And Technology**" means all Know-How and tangible materials that are both (i) as of the Execution Date, Controlled by NewLink or its Affiliates and (ii) were used by NewLink or its Affiliates to, or are reasonably necessary or useful for Genentech to, research, manufacture, develop and/or commercialize Licensed Compounds and/or Licensed Products, including Regulatory Materials (e.g., regulatory filings and supporting documents).

1.108 "**Receiving Party**" is defined in Section 9.1(a).

1.109 "**Regulatory Authority"** means any applicable Governmental Authority responsible for granting Marketing Approvals or pricing approvals for Licensed Products, including the FDA, the EMA and any corresponding national or regional regulatory authorities.

1.110 "**Regulatory Exclusivity**" means any exclusive marketing rights or data exclusivity rights (other than patents) conferred by any Regulatory Authority with respect to a pharmaceutical product, including, without limitation, orphan drug exclusivity, new chemical entity exclusivity, data exclusivity, pediatric exclusivity, rights conferred in the United States under the Hatch-Waxman Act or the FDA Modernization Act of 1997, or rights similar thereto outside the United States.

1.111 "**Regulatory Materials**" means any regulatory application, submission, notification, communication, correspondence, registration and other filings made to, received from or otherwise conducted with a Regulatory Authority in order to Research a Compound and/or Develop, or Commercialize a Compound or Licensed Product in the Field in a particular country or jurisdiction. "Regulatory Materials" includes any IND, MAA and Marketing Approval.

1.112 "**Research**" means all research activities to discover, identify, characterize or optimize the Compounds and all preclinical research on Compounds.

1.113 "**Restriction Period**" means the period commencing on the Effective Date and ending on the earlier of (1) [*] and (2) [*].

1.114 "**Reversion Compound**" means NLG919, any Next Generation Compound or any Subsequent Compound.

1.115 "**Reversion Product**" means any product that contains a Reversion Compound.

1.116 "**Sales**" means, for a Licensed Product in a particular period, the sum of (i) and (ii):

(i) the amount stated in Roche's "Sales" line of its externally published audited financial statements with respect to such Licensed Product for such period (excluding sales to any Sublicensees that are not Affiliates of Genentech). This amount reflects the gross invoice price at which such Licensed Product was sold or otherwise disposed of (other than for use as clinical supplies or free samples) by Genentech and its Affiliates to such Third Parties (excluding sales to any Sublicensees that are not Affiliates of Genentech) in such period reduced by gross-to-

net deductions, if not previously deducted from such invoiced amount, taken in accordance with the then currently used Accounting Standard.

By way of example, the gross-to-net deductions taken in accordance with the Accounting Standard as of the Execution Date include the following:

(a) credits, reserves or allowances granted for (i) damaged, outdated, returned, rejected, withdrawn or recalled Licensed Product, (ii) wastage replacement and short-shipments; (iii) billing errors and (iv) indigent patient and similar programs (*e.g.*, price capitation);

(b) governmental price reductions and government mandated rebates;

(c) chargebacks, including those granted to wholesalers, buying groups and retailers;

(d) customer rebates, including cash sales incentives for prompt payment, cash and volume discounts; and

(e) taxes, duties and any other governmental charges or levies imposed upon or measured by the import, export, use, manufacture or sale of a Licensed Product (excluding income or franchise taxes).

(ii) for Sublicensees that are not Genentech Affiliates (and [*]), (1) the sales amounts reported to Genentech and its Affiliates in accordance with the Sublicensee contractual terms and their Accounting Standards, provided that such amount meets the definition of "sales" under applicable Accounting Standards and (2) all amounts identified in audits of Sublicensees as amounts that should have been, but were not, reported to Genentech and its Affiliates as sales amounts pursuant to subsection (1).

For purposes of clarity, sales by Genentech and its Affiliates to any Sublicensee shall be excluded from "Sales" for Sublicensees that are not Genentech Affiliates (and [*]), in accordance with the sublicensee contractual terms and their Accounting Standard. For the purpose of clarity, any such Sublicensee sales as reported to Genentech in accordance with [*] shall be [*].

1.117 "**Sublicensee**" means a Person (other than NewLink) to which Genentech has licensed rights (through one or multiple tiers), [*] pursuant to this Agreement, including sublicenses to NewLink Technology and licenses or sublicenses to Collaboration Intellectual Property.

1.118 "**Subsequent Compound**" means any Compound, other than NLG919 or a Next Generation Compound: (a) that is invented or otherwise the subject of [*] conducted, by or on behalf of Genentech or its Affiliate or Sublicensee, but excluding [*], whether solely or jointly, that occurs after the end of the Next Gen Research Term but during the Restriction Period; (b) that is [*] from a Third Party during the Restriction Period; or (c) that is an enantiomer, polymorph, salt form, base, acid, racemate, isomer, diastereomer, tautomer, solvate, hydrate, ester or Known Prodrug of a Compound described in (a), (b) or (c) above.

1.119 "**Subsequent Product**" means any product, other than a Licensed Product, containing a Subsequent Compound, alone or in combination with other Active Ingredients (other than Licensed Compounds), in any formulation or dosage form and for any mode of administration.

1.120 "**Subsequent Product Percentage**" means, for Subsequent Products containing Subsequent Compounds [*].

1.121 "**TDO Target**" means [*].

1.122 "**Term**" is defined in Section 10.1.

1.123 "**Territory**" means all of the countries in the world, and their territories and possessions.

1.124 "**Third Party**" means any Person other than a Party or an Affiliate of a Party.

1.125 "**United States**" or "**U.S.**" means the United States of America, including its territories and possessions.

1.126 "**Valid Claim**" means a claim of an issued and unexpired patent (as may be extended through supplementary protection certificate or patent term extension), which claim has not been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period) and has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue, re-examination or disclaimer or otherwise. In the case where a Licensed Product is [*], Valid Claim in such country shall further include pending claims [*] from the earliest U.S. or foreign priority date of such [*], as long as [*].

1.127 Interpretation. In this Agreement, unless otherwise expressly specified:

(a) The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation";

(b) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;

(c) words such as "herein", "hereof", and "hereunder" refer to this Agreement as a whole and not merely to the particular provision in which such words appear;

(d) "days" means calendar days; and

(e) the Exhibits and other attachments form part of the operative provision of this Agreement and references to "this Agreement" shall include references to the Exhibits and attachments.

ARTICLE 2
GOVERNANCE

2.1 Alliance Managers. Promptly following the Execution Date, each Party shall designate an individual to act as its primary business contact for matters related to this Agreement (such Party's "**Alliance Manager**"). The Alliance Managers shall: (a) serve as the primary contact points between the Parties for the purpose of providing the other Party with information on the progress of such Party's activities under this Agreement; (b) be primarily responsible for facilitating the flow of information and otherwise promoting communication, coordination and collaboration between the Parties; and (c) act as advocates for the Collaboration as a whole. An Alliance Manager may also bring any matter to the attention of any Committee if such Alliance Manager reasonably believes that such matter warrants such attention. Each Party may replace its Alliance Manager at any time, by notifying the other Party in writing (which may be by email). Each Party shall strive to maintain continuity with respect to its Alliance Manager.

2.2 Joint Research Committee. Within [*] after the Effective Date, the Parties shall establish a joint research committee (the "**Joint Research Committee**" or the "**JRC**"), composed of two (2) to three (3) representatives of each Party that have knowledge and expertise in the research of compounds similar to the Compounds, [*], to monitor and coordinate the Research of Licensed Compounds under the Next Gen Research Program. The JRC shall exist during the Next Gen Research Term. The JRC shall establish the Next Gen Research Program with the goal of identifying and conducting Research on compounds that meet the criteria of Licensed Compound. Each Party shall use Commercially Reasonably Efforts to perform its responsibilities under the Next Gen Research Program.

(a) Responsibilities of the JRC. The JRC shall be responsible for the following functions:

(i) overseeing, managing and providing strategic direction to the Next Gen Research Program;

(ii) coordinating the activities of the Parties under the Next Gen Research Plan and overseeing the implementation of the Next Gen Research Plan;

(iii) preparing and approving amendments to the Next Gen Research Plan (including the Next Gen Research Budget) during the Next Gen Research Term;

(iv) providing a forum for and facilitating communications between the Parties with respect to the Research of Licensed Compounds;

(v) establishing joint subcommittees, as appropriate, to carry out its functions; and

(vi) performing such other functions as may be appropriate to further the purposes of this Agreement with respect to the Research of Licensed Compounds.

(b) Diligence, Decision Making: Each Party shall use Commercially Reasonable Efforts to perform its responsibilities under the Research Plan, and shall cooperate with and provide reasonable support to the other Party in such other Party's performance of its responsibilities thereunder. Except as otherwise expressly provided in this Agreement or agreed in writing by the Parties, Genentech shall, in accordance with the provisions of this Agreement, be solely responsible for any subsequent Development and/or Commercialization of the Licensed Products. With respect to the decisions of the JRC, each Party shall have one (1) collective vote in all decisions, and the Parties shall attempt to make decisions by reaching unanimous agreement. If, after reasonable discussion and good faith consideration of each Party's view on a particular matter, the JRC cannot reach agreement within [*] after the date such matter was initially brought to a vote, then, notwithstanding the dispute resolution provisions of Article 13, [*], provided, however:

(i) [*] amend the Next Gen Research Plan or Next Gen Research Budget that (a) [*] the number of NewLink FTEs supported by Genentech below [*] FTEs (except if the Next Gen Research Term has been extended pursuant to Section 4.2, in which case the number of NewLink FTEs supported by Genentech cannot be [*] FTEs for such extension period) or (b) [*] FTEs the number of NewLink FTEs required to perform the Next Gen Research Plan or (c) requires NewLink to incur any costs that are not fully reimbursed by Genentech or to use any NewLink FTEs whose time spent on the Next Gen Research Plan is not fully funded by Genentech, or (d) allocates activities to NewLink that are outside its expertise;

(ii) [*] call for any research that is not directed to the discovery, identification, characterization or optimization of Compounds;

(iii) [*] require or otherwise specify particular individuals to be used as NewLink FTEs for, or to be excluded from, the Next Gen Research Program;

(iv) [*] require NewLink to use any Third Party technology for which it does not have a license;

(v) [*] violate any obligation or agreement it may have with any Third Party;

(vi) [*] change the [*] in the definition of [*];

(vii) Any decision made [*] pursuant to this Section 2.2(b) must be consistent with the terms of this Agreement and within the scope of authority delegated to the applicable Committee under this Agreement. The Parties expressly understand and agree that [*] will not [*] compliance with its obligations under the Next Gen Research Plan.

(c) Meetings; **Attendees**. Once established, the JRC shall meet at least once [*] (unless otherwise agreed by the Parties) during the Next Gen Research Term. The JRC may meet in person or via teleconference, video conference, or the like, provided that at least one meeting [*] shall be held in person, unless otherwise agreed by the Parties. Each Party shall bear the expense of its respective representatives' participation in the JRC meetings. Each Party may invite a

reasonable number of employees, consultants, or scientific advisors to attend the JRC meetings, provided that such invitees are bound by appropriate confidentiality obligations. Each Party may replace its representatives on any Committee by notifying the other Party in writing (which may be by email). Each Party shall strive to maintain continuity with respect to its JRC representatives.

(d) Meeting Minutes. Genentech shall be responsible for keeping minutes of the JRC meetings that record in writing all decisions made, action items assigned or completed, and other appropriate matters. Meeting minutes shall be sent to both Parties promptly after a meeting for review, comment and approval by each Party. Any material modifications to the Next Gen Research Plan approved at a JRC meeting shall constitute an amendment to such Next Gen Research Plan upon approval by both Parties of the meeting minutes related thereto.

(e) Term of JRC Operations: The JRC shall continue to exist [*], unless the JRC is earlier disbanded by Genentech pursuant to [*]. Thereafter, the JRC shall cease operations and perform no further functions hereunder. Following such automatic cessation or earlier disbandment of the JRC, the JRC shall have no further obligations under this Agreement and shall perform no further functions hereunder. Thereafter, the Alliance Managers shall be the contact persons for the exchange of information under this Agreement.

2.3 Joint Development Team. Within [*] after the Effective Date, the Parties shall establish a joint development team (the "**Joint Development Team**" or the "**JDT**"), composed of two (2) to three (3) representatives of each Party that have knowledge and expertise in the development of compounds similar to the Compounds, [*], to monitor the Development of NLG919 Products, Next Generation Products, and NewLink Combination Therapies. The role of the JDT shall be to monitor and discuss the Development of such products and therapies.

(a) Responsibilities of the JDT. The JDT shall be responsible for performing the following functions:

(i) coordinating the initial transfer of information and materials related to NLG919 Products and Next Generation Products from NewLink to Genentech in furtherance of the Initial Development Plan;

(ii) monitoring the progress of the Development of NLG919 Products and Next Generation Products;

(iii) providing a forum for and facilitating communications between the Parties with respect to the Development of NLG919 Products and Next Generation Products;

(iv) coordinating, overseeing and monitoring the activities and ongoing Development with respect to NewLink Combination Therapies, including approving NewLink's proposals related to the Development of NewLink Combination Therapies; and

(v) performing such other functions as may be appropriate to further the purposes of this Agreement with respect to the Development of NLG919 Products, Next Generation

Products and NewLink Combination Therapies, to the extent delegated to the JDT by mutual written agreement of the Parties after the Execution Date.

(b) Diligence; Decision Making. Each party shall use Commercially Reasonable Efforts to perform its responsibilities and shall cooperate with and provide reasonable support to the other Party in such other Party's performance of its responsibilities thereunder. Except as otherwise expressly provided in this Agreement or agreed in writing by the Parties, Genentech shall, in accordance with the provisions of this Agreement, be solely responsible for all Development and Commercialization of NLG919 Products. Notwithstanding the foregoing, [*], and responsibility for all Development of NLG919 Products; provided, however, [*]:

(i) [*] any clinical trial agreed by the Parties and set forth in the Initial Development Plan [*], except for [*];

(ii) amend the Development Plan that [*];

With respect to the Development of a NewLink Combination Therapy, each Party shall have one (1) collective vote in all decisions related to such Development, and the Parties shall attempt to make decisions by reaching unanimous agreement. If, after reasonable discussion and good faith consideration of each Party's view on a particular matter related to the NewLink Combination Therapy or Development thereof, the JDT cannot reach agreement within [*] after the date such matter was initially brought to a vote, then, notwithstanding the dispute resolution provisions of Article 13, [*], including but not limited to:

(1) [*];

(2) [*];

(3) [*];

(4) [*];

(5) [*]; and

(6) [*].

(c) Meetings; Attendees. Once established, the JDT shall meet at least once [*] (unless otherwise agreed by the Parties). The JDT may meet in person or via teleconference, video conference, or the like, provided that at least one meeting [*] shall be held in person, unless otherwise agreed by the Parties. Each Party shall bear the expense of its respective representatives' participation in the JDT meetings. Each Party may invite a reasonable number of employees, consultants, or scientific advisors to attend the JDT meetings, provided that such invitees are bound by appropriate confidentiality obligations. Each Party may replace its representatives on any Committee by notifying the other Party in writing (which may be by email). Each Party shall strive to maintain continuity with respect to its JDT representatives.

(d) Meeting Minutes. Genentech shall be responsible for keeping minutes of the JDT meetings. Meeting minutes shall be sent to both Parties promptly after a meeting for review, comment and approval by each Party.

(e) Term of JDT Operations. The JDT shall continue to exist until [*] or [*] or [*] at which time it shall automatically cease operations, unless earlier disbanded:

(i) by the Parties pursuant to mutual agreement, or

(ii) by NewLink providing written notice to Genentech of its intention to disband and no longer participate in the JDT; or

(iii) by Genentech providing timely written notice to NewLink of its election to disband the JDT pursuant to [*]; or

(iv) by Genentech providing written notice to NewLink of its election to disband the JDT at any time following [*].

Following such automatic cessation or earlier disbandment of the JDT, the JDT shall have no further obligations under this Agreement and shall perform no further functions hereunder. Thereafter, the Alliance Managers shall be the contact persons for the exchange of information under this Agreement.

2.4 Limitation of Committee or Team Authority. Each Committee or Team shall only have the powers expressly assigned to in this Article 2 and elsewhere in this Agreement and shall not have the authority to: (a) modify or amend the terms and conditions of this Agreement; (b) waive either Party's compliance with the terms and conditions of under this Agreement; or (c) determine any such issue in a manner that would conflict with the express terms and conditions of this Agreement.

ARTICLE 3
LICENSES; OPTION

3.1 Licenses to Genentech.

(a) Development and Commercialization License. NewLink hereby grants to Genentech: (i) an exclusive (even as to NewLink), royalty-bearing license (sublicenseable as provided in Section 3.2) under the NewLink Technology (1) to research, make, have made and use Compounds in the Territory pursuant to the Next Gen Research Plan, (2) to make or have made Licensed Compounds in the Territory for use in the manufacture of Licensed Products pursuant to Section 3.1(a)(i)(3) and (3) to develop, make, have made, use, sell, offer for sale, and import Licensed Products in the Field in the Territory; (ii) an exclusive (even as to NewLink), royalty-bearing license (sublicenseable as provided in Section 3.2) under the [*] to [*] Subsequent Compounds in the Territory, [*] Subsequent Products in the Field in the Territory; and (iii) an exclusive (even as to NewLink), royalty-bearing license (sublicenseable as provided in Section 3.2) under the [*], solely [*] Compounds in the Field in the Territory. Except to the extent necessary to perform the activities

under a Development Plan with respect to a NewLink Combination Therapy that is being developed pursuant to Section 5.3, the licenses granted to Genentech pursuant to this Section 3.1(a) do not include any rights for Genentech to develop, make, have made, sell, offer for sale or otherwise commercialize any proprietary compound or other Active Ingredient of NewLink that is not a Licensed Compound.

(b) [*]. NewLink hereby grants to GNE [*] license under the NewLink Technology and Genentech Technology to [*] for internal research purposes only.

3.2 Genentech Sublicense Rights.

(a) Subject to Section 3.2(c) below, Genentech may exercise its rights and perform its obligations under this Agreement by itself or, with NewLink's prior consent, not to be unreasonably withheld or delayed, through the engagement of any of its Affiliates.

(b) Genentech may sublicense the rights granted to it under Section 3.1(a) to one (1) or more Third Parties [*]. Subject to Sections 3.2(c) and 3.6, Genentech may grant a limited sublicense to subcontractors engaged in accordance with Section 3.6 solely for the purpose of performing the subcontracted tasks and obligations.

(c) Genentech shall remain directly responsible for all of its obligations under this Agreement that have been delegated, subcontracted or sublicensed to any of its Affiliates, subcontractors or sublicensees and shall ensure that such Affiliates, subcontractors and sublicensees comply with the terms and conditions of this Agreement.

3.3 Licenses to NewLink.

(a) Next Gen Research Program License. Genentech hereby grants to NewLink a royalty-free, non-exclusive, non-sublicenseable, non-transferable license under (i) the Genentech Technology and (ii) the NewLink Technology (to the extent exclusively licensed to Genentech and Roche hereunder), in each case solely to perform NewLink's obligations under the Next Gen Research Program.

(b) [*]. Genentech hereby grants to NewLink [*] under the Genentech Technology to [*] for internal research purposes only.

(c) License for NewLink Combination Therapy. Subject to Section 2.3 and Section 5.10, during any period in which NewLink is developing a NewLink Combination Therapy, Genentech agrees to grant and hereby grants NewLink a non-exclusive, non-sublicensable (other than to subcontractors), non-transferable license under (i) the Genentech Technology and (ii) the NewLink Technology (to the extent exclusively licensed to Genentech and Roche hereunder), in each case solely to develop such NewLink Combination Therapy in accordance with the Development Plan.

(d) License for Co-Promotion Activities. Subject to Section 6.4, during any period in which NewLink is engaging in co-promotion under this Agreement after NewLink has

exercised its Co-Promotion Option pursuant to Section 6.4, Genentech agrees to grant and hereby grants NewLink a co-exclusive (with Genentech and its Affiliates) non-sublicenseable, non-transferable license under the Co-Promotion IP Rights, solely to perform NewLink's obligations under the Co-Promotion Plan.

(e) Excluded Genentech Technology. The licenses granted to NewLink pursuant to this Section 3.3 do not include any rights for NewLink to develop, make, have made, sell, offer for sale or otherwise commercialize any [*] or other Active Ingredient of Genentech that [*].

3.4 No Implied Licenses; Negative Covenant. Except as expressly set forth herein, neither Party shall acquire any license or other intellectual property interest, by implication or otherwise, under or to any trademarks, patents or patent applications, know-how, or other intellectual properties owned or Controlled by the other Party. For clarity, an exclusive license granted to a Party under any particular Patent Rights or Know-How Controlled by the other Party shall confer exclusivity to the Party obtaining such license only to the extent the Party granting such license Controls the exclusive rights to such Patent Rights or Know-How. Neither Party shall, nor shall permit any of its Affiliates or sublicensees licensed hereunder to, practice any Patent Rights or Know-How licensed to it by the other Party outside the scope of the license granted to it under this Agreement.

3.5 Exclusivity.

(a) Subject to Section 3.5(b), during the Restriction Period NewLink and its Affiliates shall not [*], other than [*] or [*].

(b) If, during the Restriction Period, [*] would be [*], then:

(i) [*], provided that [*] under this Agreement and [*]; and

(ii) [*], provided that [*] of such [*].

(c) For clarity, since Indoximod is not a Compound, Section 3.5(a) does not limit in any way NewLink's and its Affiliates' rights to research, develop, manufacture or commercialize Indoximod, whether by themselves or with or through one or more Third Parties [*]; provided that during the term of this Agreement [*] pursuant to [*] or [*] to [*].

(d) Subject to Sections 3.5(e) and 3.5(f), during the Restriction Period, Genentech and its Affiliates shall not [*], provided, however, that after the end of the Next Gen Research Term, [*].

(e) Notwithstanding the foregoing, the obligations of Section 3.5(e) shall not apply to the [*] pursuant to the [*], provided that:

(i) [*];

(ii) [*] with respect to the [*].

(f) If, during the Restriction Period, [*] would be [*], then [*], provided that [*].

(g) Notwithstanding the licenses granted to NewLink in Section 3.3, it is understood and agreed that [*] to [*] other than [*] under the Next Gen Research Plan.

3.6 Subcontractors. Genentech shall have the right to engage subcontractors for purposes of conducting activities assigned to it under this Agreement or for which it is responsible under this Agreement. Unless expressly set forth in the Next Gen Research Plan, NewLink may not subcontract any of its obligations under the Next Gen Research Plan to Affiliates or Third Parties without Genentech's prior written consent, not to be unreasonably withheld. Each Party shall ensure that any subcontractor engaged by such Party pursuant to this Section 3.6 is bound by written obligations of confidentiality and non-use consistent with this Agreement. Each Party shall remain directly responsible for any obligations under this Agreement that have been delegated or subcontracted to any subcontractor, and shall be directly responsible for the performance of its subcontractors.

3.7 Option.

(a) Grant. NewLink hereby grants Genentech, and Genentech hereby accepts, an option ("**Option**") to obtain an exclusive, sublicense from NewLink to certain Patent Rights licensed to NLNK under the GRRI License Agreement or LIMR License Agreements, to [*], which Option may be exercised as set forth in Section 3.7(b) below.

(b) Exercise. At any time during the Term that is [*] or [*], as applicable, Genentech may exercise the Option, with respect to the relevant Patent Rights, [*], upon written notice to NewLink if [*]:

(i) Genentech or its Affiliate or sublicensee [*] and the [*] under the GRRI License Agreement or LIMR License Agreements, as applicable [*]; or

(ii) [*] is [*], and [*] under the GRRI License Agreement or LIMR License Agreements, as applicable [*].

(c) Entry into Sublicense Agreement. Within [*] after NewLink's receipt of Genentech's exercise notice provided in accordance with Section 3.7(b), the Parties shall enter into a separate sublicense agreement [*], on [*], pursuant to which NewLink will grant Genentech the sublicense described in Section 3.7(a).

(d) Covenant. NewLink hereby covenants that during the Term, [*], NewLink will not [*] under this Section 3.7. The Parties acknowledge that [*] the right to [*], should [*], and the Parties agree that [*] shall not be deemed a breach of NewLink's covenant under this Section 3.7.

ARTICLE 4
RESEARCH

4.1 General. The Parties will conduct a research collaboration to discover, characterize and optimize Compounds, pursuant to the Next Gen Research Plan (the "**Next Gen Research Program**").

4.2 Next Gen Research Term. The term of such Next Gen Research Program (the "**Next Gen Research Term**") shall commence on the Effective Date and end on [*], unless Genentech extends it [*] by providing written notice to NewLink no later than [*] prior to [*] and committing to fund [*] NewLink FTEs per year during [*].

4.3 Next Gen Research Plan. All Research activities conducted by NewLink and its Affiliates or by GNE during the Next Gen Research Term shall be conducted pursuant to a comprehensive written research plan (the "**Next Gen Research Plan**"). The Next Gen Research Plan shall allocate Research responsibilities between the Parties and shall set forth the objectives, activities and criteria for evaluation for such Research, as well as timelines related thereto. Each Party shall, in performing its obligations under the Next Gen Research Plan, assign responsibilities to those portions of its organization that have the appropriate resources, expertise, and responsibility for such obligations. The Next Gen Research Plan shall also set forth the detailed budget for such Research activities, including the number of NewLink FTEs that [*] during the Next Gen Research Term (which shall be [*] NewLink FTEs [*] of the Next Gen Research Term) and the [*] during the Next Gen Research Term (the "**Next Gen Research Budget**"). Each Party shall, in performing its obligations under the Next Gen Research Plan, assign responsibilities to those portions of its organization that have the appropriate resources, expertise, and responsibility for such obligations. As of the Execution Date, the Parties have agreed upon the Next Gen Research Plan attached to this Agreement as Exhibit B, which will be deemed to have been approved by the JRC. From time to time during the Next Gen Research Term, the JRC shall prepare updates and amendments, as appropriate, to the then-current Next Gen Research Plan. The JRC shall have the right to approve updates and amendments to the Next Gen Research Plan in accordance with Section 2.2(a). Once approved by the JRC, such revised Next Gen Research Plan shall replace the prior Next Gen Research Plan. If the terms of the Next Gen Research Plan contradict, or create inconsistencies or ambiguities with, the terms of this Agreement, then the terms of this Agreement shall govern.

4.4 Conduct of Research. Each Party shall use Commercially Reasonable Efforts to carry out the Research activities assigned to it in the Next Gen Research Plan and shall conduct such activities in good scientific manner, and in compliance with all applicable Laws. Each Party shall keep the other Party reasonably informed as to its progress in the conduct of the Next Gen Research Plan through meetings of the JRC. NewLink will have [*] to implement [*] conducting activities under the Next Gen Research Plan.

4.5 Research Records. Each Party shall maintain complete, current and accurate records of all Research activities conducted by it hereunder, and all data and other information resulting from such activities. Such records shall fully and properly reflect all work done and results achieved in the performance of the Research activities in good scientific manner appropriate for regulatory and patent purposes. Each Party shall use Commercially Reasonable Efforts to maintain

all laboratory notebooks for not less than the term of any Patent Rights issuing therefrom. All other records shall be maintained by the Parties, as appropriate, during the Next Gen Research Program and for at least [*] thereafter, and prior to destroying any such records, NewLink shall provide Genentech with notice and the opportunity to have such records transferred to Genentech upon Genentech's request. All such records of a Party shall be considered such Party's Confidential Information.

4.6 Next Gen Research Plan Costs. Genentech shall be [*] in performing the Next Gen Research Program in accordance with the Next Gen Research Plan (the "**Next Gen Research Plan Costs**") and shall [*] NewLink for the Next Gen Research Plan Costs incurred by or on account of NewLink pursuant to Section 7.2. [*]. For clarity, any out-of-pocket costs incurred by or on behalf of NewLink in performing the Next Gen Research Program, other than costs for [*] in the Next Gen Research Plan, shall [*].

ARTICLE 5
DEVELOPMENT

5.1 General. Subject to the terms and conditions of this Agreement, Genentech shall be responsible for the Development of Licensed Products and shall conduct such Development under the direction of the JDT as set forth in more detail below. Genentech intends to pursue Development of NLG919 and other Licensed Products broadly across an array of Indications.

5.2 Initial Development Plan.

The Development of Licensed Products under this Agreement shall be controlled by Genentech. The initial development plan [*] ("**Initial Development Plan**") shall set forth the details of [*], and is attached as Exhibit C to this Agreement. Further Development of Licensed Products conducted pursuant to this Agreement will be considered and discussed under the direction of the JDT.

5.3 Development Plan of NewLink Combination Therapies.

(a) In the event NewLink proposes Development of a NewLink Combination Therapy, a plan for such Development ("**Development Plan**") will [*]. In such event, the Development Plan shall set forth the timeline and details of: (i) a proposal for clinical Development activities to be conducted and regulatory strategy; (ii) a protocol synopsis for the clinical trial of the NewLink Combination Therapy; (iii) any other Development activities that the Parties agree to jointly pursue in collaboration for such NewLink Combination Therapy; and (iv) a detailed budget for the Development Costs for such joint Development activities to be undertaken by the Parties for such NewLink Combination Therapy (the "**Joint Development Budget**").

(b) Upon mutual agreement and under the direction of the JDT, the Parties may include a Development Plan for a Licensed Product that contains certain Development activities to be undertaken individually by NewLink or jointly by the Parties for a NewLink Combination Therapy that includes such Licensed Product subject to the decision making provisions within Section 2.3(b).

(c) If the terms of any Development Plan contradict, or create inconsistencies or ambiguities with, the terms of this Agreement, then the terms of this Agreement shall govern.

5.4 Development Costs.

(a) General. Except as set forth in Section 5.4(b) below, Genentech shall be solely responsible for all Development Costs incurred in performing Development activities for Licensed Products.

(b) Development Costs for NewLink Combination Therapies. NewLink shall responsible for [*], and Genentech shall be responsible for [*], of all the Development Costs incurred by either or both Parties in performing the Development activities for a NewLink Combination Therapy in accordance with the Development Plan (the "**Joint Development Costs**"). Any Development related to Joint Development Costs shall include [*] and allocable to such Development activities, in each case [*] unless [*]. In the event NewLink conducts any Development related to a NewLink Combination Therapy individually (without Genentech involvement) pursuant to Section 5.11, [*].

5.5 Diligence. Each Party shall use Commercially Reasonable Efforts to conduct the Development activities assigned to it under the Development Plan or Initial Development Plan, as applicable. Without limiting the foregoing, Genentech shall at all times during the Term use Commercially Reasonable Efforts to Develop and obtain Marketing Approval in the U.S., Japan and the Major EU Countries for [*]. Activities by Genentech's Sublicensees and Affiliates will be considered as Genentech's activities under this Agreement for purposes of determining whether Genentech has complied with its obligations under this Section 5.5. [*] shall be deemed to satisfy the requirements of this Section 5.5 with respect to Licensed Products [*].

5.6 Development Records. Each Party shall maintain complete, current and accurate records of all Development activities conducted by it hereunder, and all data and other information resulting from such activities. Such records shall fully and properly reflect all work done and results achieved in the performance of the Development activities in good scientific manner appropriate for regulatory and patent purposes. Each Party shall document all non-clinical studies and clinical trials in formal written study reports according to applicable Laws and national and international guidelines (*e.g.*, ICH, GCP, GLP, and GMP). Each Party shall have the right to review and copy such records maintained by the other Party at reasonable times and to obtain access to the original to the extent necessary for regulatory and patent purposes or for other legal proceedings.

5.7 Development Reports. Genentech [*] detailing its Development for the Licensed Products, and the results of such Development [*]. The Parties shall discuss the [*].

5.8 Regulatory.

(a) Genentech shall control and be responsible for all regulatory activities necessary to obtain and maintain Marketing Approval of the Licensed Products in the Field. Genentech shall be responsible, at its own cost and expense, for the preparation and submission of any and all Regulatory Materials for the Licensed Products throughout the world and shall own all

such Regulatory Materials. Genentech and/or its Sublicensees shall control and be responsible for all communications and other dealings with Regulatory Authorities relating to the Licensed Products. Promptly after the Effective Date, NewLink shall transfer or cause to be transferred to Genentech ownership of all Regulatory Materials (including without limitation any INDs controlled or owned by NewLink or its Affiliates) with respect to (i) NLG919, and (ii) any other Next Generation Compounds controlled or owned by NewLink or its Affiliates as of the Execution Date.

(b) Genentech shall [*], including sufficient detail for NewLink to understand the activities planned by Genentech and Genentech's anticipated timelines for performing such activities, and any [*] with Regulatory Authorities.

(c) Each Party shall immediately notify the other of any information it receives regarding any threatened or pending action, inspection or communication by or from any Third Party, including a Regulatory Authority, which may materially affect the Development of the Compounds and Licensed Products.

5.9 Technology and Material Transfer

(a) Transfer of Program Materials and Technology. Within [*] of the Effective Date, NewLink shall complete the transfer to Genentech of all Program Materials and Technology, [*]. Thereafter, during the Term and upon Genentech's reasonable request, NewLink shall provide to Genentech any Program Materials and Technology then in existence that have not already been disclosed or provided to Genentech.

(b) Clinical Supply. Within [*] following the Effective Date, NewLink will transfer and deliver to Genentech [*], provided that NewLink shall retain [*]. After the Execution Date, Genentech shall have the sole right and responsibility at its sole cost for manufacturing all Licensed Compounds and all Licensed Products for clinical and commercial use in the Field, including conducting any process development research. The Parties shall enter into a quality agreement for the transfer of [*].

(c) Transfer of Manufacturing Technology. As soon as reasonably possible after the Effective Date and in any event before [*], NewLink shall, [*], transfer to Genentech or a Third Party contract manufacturer designated by Genentech all Know-How that is Controlled by NewLink or its Affiliates as of the Execution Date and that is reasonably necessary for the manufacture of Licensed Compounds ("**Transferred Manufacturing Technology**") to enable Genentech or such Third Party contract manufacture to replicate the process employed by NewLink's Third Party contract manufacturer to manufacture Licensed Compounds or Licensed Products as of the Effective Date; provided that NewLink shall not be obligated to expend more than [*] FTE hours under this Section 5.9(c). Any Third Party contract manufacturer designated by Genentech hereunder shall (i) be bound in writing to obligations of confidentiality and non-use regarding Confidential Information of NewLink that are substantially the same as those undertaken by the Parties pursuant to Article 9 hereof, and (ii) be obligated in writing not to use the Transferred Manufacturing Technology for any use, other than the manufacture of Licensed Compounds and Licensed Products for Genentech, its Affiliates and Sublicensees.

5.10 Pharmacovigilance Agreement for Combination Therapy Development. To the extent the Parties pursue joint Development activities for a NewLink Combination Therapy, then the Parties shall execute a separate Pharmacovigilance Agreement specifying the procedure for the information exchange of the adverse events that may occur during the development by the initiation of the first clinical trial of such NewLink Combination Therapy.

5.11 Independent Development of NewLink Combination Therapies. Subject to Section 2.3(b), NewLink shall have the right to independently Develop and obtain Marketing Approval for, [*], one or more NewLink Combination Therapies. Genentech shall facilitate NewLink's conduct of such independent Development of such NewLink Combination Therapies, including by providing NewLink with the applicable Licensed Product, [*], for use in such Development and by providing NewLink with access to the applicable IND. NewLink shall provide the JDT with regular reports detailing such independent Development, and the results of such independent Development at each regularly scheduled JDT meeting. The data arising from NewLink's independent Development of NewLink Combination Therapies shall be excluded from NewLink Know-How and not licensed to Genentech unless and until [*] in connection with [*]. Notwithstanding the foregoing, NewLink shall provide Genentech with [*] that Genentech is required to file with a Regulatory Authority.

ARTICLE 6
COMMERCIALIZATION

6.1 General. Subject to NewLink's exercise of its option to Co-Promote one or more Licensed Product(s) or Subsequent Product(s) in the Co-Promotion Territory and other terms and conditions of this Article 6, Genentech shall be responsible, at its own expense, for all aspects of the Commercialization of the Licensed Products or Subsequent Product(s) in the Field throughout the world.

6.2 Commercial Diligence. Genentech shall at all times during the Term use Commercially Reasonable Efforts to Commercialize in the U.S., Japan and throughout the Major EU Countries [*] Licensed Product [*] for which Marketing Approval is obtained.

6.3 Patent Marking. Genentech shall comply with the applicable patent marking Laws.

6.4 Co-Promotion. NewLink shall have the right to elect to Co-Promote each Licensed Product or Subsequent Product in each Indication in the Co-Promotion Territory (the "**Co-Promotion Option**") as set forth in this Section 6.4.

(a) Approximately [*] for a Licensed Product or Subsequent Product in a particular Indication with the FDA, Genentech will notify NewLink of [***]"). NewLink may exercise its option to Co-Promote such Licensed Product or Subsequent Product for such Indication in the Co-Promotion Territory by written notice to Genentech no later than [*] after the receipt of the Genentech Estimate for such Licensed Product or Subsequent Product and Indication. For clarity, NewLink shall have [*] under the Co-Promotion Option of this Section 6.4, for [*] for a [*].

(b) If NewLink exercises its Co-Promotion Option for a Licensed Product or Subsequent Product and Indication, unless NewLink terminates the Co-Promotion in accordance with Section 6.4(c) below, NewLink shall have the right to provide [*] percent ([*]%) of the total sales representatives, with [*] of [*] sales representatives in the Co-Promotion Territory as its Co-Promotion efforts for such Licensed Product or Subsequent Product and Indication (the "**NewLink Co-Promotion Effort**"). NewLink shall inform Genentech of its desired initial NewLink Co-Promotion Efforts concurrent with its written notification to exercise its Co-Promotion Option for such Licensed Product or Subsequent Product and Indication. Following [*] of NewLink Co-Promotion Effort, NewLink [*] the NewLink Co-Promotion Efforts from [*] set forth above upon [*] written notification to Genentech.

(c) Subject to the remainder of this Section 6.4, if NewLink exercises its Co-Promotion Option for a Licensed Product or Subsequent Product and Indication, it shall have the right to continue to Co-Promote such Licensed Product or Subsequent Product and Indication for as long as the Licensed Product or Subsequent Product is being marketed in the Co-Promotion Territory for such Indication. NewLink shall have the right to relinquish its Co-Promotion rights for such Licensed Product or Subsequent Product and Indication with [*] written notice to Genentech, in which case the Parties shall reasonably cooperate to transition to Genentech, upon the effectiveness of such relinquishment all of NewLink's Co-Promotion activities with respect to such Licensed Product or Subsequent Product and Indication so as to minimize disruption to sales activity. Upon such effective date, NewLink shall withdraw its sales representatives from such Co-Promotion activities in a professional manner. If NewLink does not exercise its Co-Promotion Option for a Licensed Product or Subsequent Product [*] have the right to exercise its Co-Promotion Option [*] for which [*].

(d) Promptly after NewLink exercises its Co-Promotion Option for a Licensed Product or Subsequent Product and Indication, the Parties shall commence negotiations in good faith and enter into a separate co-promotion agreement (the "**Co-Promotion Agreement**") in accordance with the terms and conditions set forth in Exhibit D attached hereto. The Parties shall use commercially reasonable efforts to enter into and execute the Co-Promotion Agreement within [*] following NewLink's exercise of its Co-Promotion Option.

(e) Within [*] after NewLink exercises its first Co-Promotion Option for a Licensed Product or Subsequent Product and Indication under this Section 6.4, the Parties shall establish a joint commercialization committee ("**JCC**") to [*]. The JCC shall be composed of two (2) to three (3) representatives of each Party that have knowledge and expertise in the Commercialization of compounds similar to the Compounds, [*]. Notwithstanding the foregoing, [*] related to the Licensed Product or Subsequent Product.

(f) NewLink sales representatives that are Co-Promoting a Licensed Product or Subsequent Product and Indication in the Co-Promotion Territory shall [*].

(g) In the event of [*] for any Licensed Product or Subsequent Product in the Co-Promotion Territory, [*]. In the event of [*] for any Licensed Product or Subsequent Product in the Co-Promotion Territory, [*]; provided that [*].

(h) In the event that [*], then [*], in which case [*]. If NewLink [*] for a Licensed Product or Subsequent Product, then [*]; provided that [*].

6.5 Reports. Genentech (and NewLink, if it exercises its Co-Promotion Option) shall update the JCC at each regularly scheduled JCC meeting regarding the Commercialization of the Licensed Products or Subsequent Products. Each such update shall be in a form to be agreed by the JCC and shall summarize Commercialization activities with respect to the Licensed Products or Subsequent Products throughout the Co-Promotion Territory.

ARTICLE 7
FINANCIAL PROVISIONS

7.1 Upfront Payment. Genentech shall pay to NewLink a one-time, non-refundable, non-creditable upfront payment of one hundred fifty million Dollars ($150,000,000) [*] after the Effective Date.

7.2 Reimbursement of Next Gen Research Plan Costs. Within [*] after the end of each calendar quarter during the Next Gen Research Term, NewLink shall provide to Genentech (1) a FTE report for such calendar quarter, which FTE report details [*] during that calendar quarter and [*], and (2) an invoice for the Next Gen Research Plan Costs reflected on such report. Genentech shall pay NewLink such Next Gen Research Plan Costs incurred by NewLink for such calendar quarter and reflected on such report within [*] of receipt of such invoice from NewLink with respect thereto.

7.3 Development and Sales Milestone Payments.

(a) NLG919 Product Development Milestones. Genentech shall pay to NewLink the following one-time, non-refundable, non-creditable development milestone payments set forth in the table below, in accordance with Section 7.3(c) and Section 7.3(e), upon the first achievement by or on behalf of Genentech or its Sublicensees or Affiliates of each development milestone event set forth below for a NLG919 Product; provided, however, that [*], the applicable milestone payment shall only be due if, [*]:

Development Milestone Event	**Milestone Payment**
[*]	

If Genentech ceases clinical development of a NLG919 Product after having made one or more payments due under this Section 7.3(a) upon the achievement of a particular milestone event by such NLG919 Product, then there shall be no payment due upon accomplishment of that same milestone with respect to any other NLG919 Product to achieve such milestone event.

(b) Next Generation Product Development Milestones. Genentech shall pay to NewLink the applicable non-refundable, non-creditable development milestone payment set forth in the table below, in accordance with Section 7.3(c) and Section 7.3(e), upon the first achievement by or on behalf of Genentech or its Sublicensees or Affiliates of each development milestone event set forth below; for [*] Next Generation Products to achieve such development milestone event; provided, that [*], the applicable milestone payment shall only be due if, [*]:

Development Milestone Event	**Milestone Payment**
[*]	

In no event shall the cumulative total amounts payable under this Section 7.3(b) exceed [*] Dollars ($[*]) for a Next Generation Product that achieves all [*] milestones. Without limiting the foregoing, in no event shall the aggregate amount payable by Genentech under this Section 7.3(b) exceed [*] Dollars ($[*]).

(c) Skipped Development Milestones. Upon the [*] for a NLG919 Product, whichever occurs first, all preceding [*] milestone events for such NLG919 Product [*] shall be deemed to have been met and each corresponding milestone payment shall become due, if not previously paid for a NLG919 Product. For example, if [*] and the development milestone payments for [*] have not been previously paid, all such unpaid milestone payments shall be paid together with the payment of the milestone payment for the achievement of [*]. Similarly, upon [*] for a Next Generation Product, whichever occurs first, all preceding [*] milestone events for such Next Generation Product [*] shall be deemed to have been met for such Next Generation Product and each corresponding development milestone payment shall become due, unless such development milestone payment has already been paid [*] Next Generation Products for earlier achievement of the same development milestone event.

(d) Sales Milestones. Genentech shall pay to NewLink the one-time, non-refundable, non-creditable sales milestone payments set forth in the table below, in accordance with Section 7.3(e), when the aggregated annual worldwide Net Sales of (i) Next Generation Products [*], and (ii) [*] ("**Sales Milestone Products**") first reach the values indicated below. For clarity, the sales milestone payments in this Section 7.3(d) shall be additive, such that if [*] milestones specified below are achieved, then [*] shall be paid.

Annual Worldwide Net Sales of Sales Milestone Products	**Milestone Payment**
[*]	

(e) Notice and Payment. Genentech shall notify NewLink in writing within ten business days after the achievement of any milestone event set forth in this Section 7.3 that

triggers a milestone payment (or for sales milestones under Section 7.3(d), [*] after the end of the calendar quarter in which the milestones was achieved). Genentech shall pay to NewLink the applicable milestone payments within [*] of receipt of an invoice from NewLink with respect thereto. Each invoice shall identify the milestone event triggering the payment obligation and, for development milestones, the NLG919 Product or Next Generation Product achieving such milestone event. Invoices shall be sent to Genentech at the address for GNE in the preamble of this Agreement to the attention of Finance Manager, [*].

7.4 Royalty Payments for Licensed Products.

(a) Regulatory Exclusivity and Valid Claim Products. Subject to the other terms of this Section 7.4, Genentech shall pay NewLink, on a Licensed-Product-by-Licensed Product and country-by-country basis, the following royalties (subject to any increase effective pursuant to Section 7.4(d)(iii) (Co-Promoted Product Royalty Rates) on annual worldwide Net Sales of each Licensed Product which, at the time of sale, is (x) subject to Regulatory Exclusivity, or (y) Covered by a Valid Claim included in the NewLink Patents or Collaboration Patents in the country in which such Licensed Product is sold:

(i) NLG919 Product Royalties. Where such Licensed Product is an NLG919 Product:

Annual Worldwide Net Sales of such NLG919 Product	**Royalty Rate Percentage for Regulatory Exclusivity or Valid Claim Products**
Portion less than $[*]	[*]%
Portion equal to or greater than $[*] and less than or equal to $[*]	[*]%
Portion greater than $[*]	[*]%

(ii) Next Generation Product Royalties. Where such Licensed Product is a Next Generation Product:

Annual Worldwide Net Sales of such Next Generation Product	**Royalty Rate Percentage for Regulatory Exclusivity or Valid Claim Products**
Portion less than $[*]	[*]%
Portion equal to or greater than $[*] and less than or equal to $[*]	[*]%
Portion greater than $[*]	[*]%

(b) Know-How Products. If in any calendar quarter, (i) the sale of a Licensed Product is not Covered by a Valid Claim included in the NewLink Patents or Collaboration Patents in the country in which such Licensed Product is sold, and (ii) such Licensed Product is not subject to Regulatory Exclusivity in such country, then Genentech shall pay to NewLink, on a Licensed Product-by-Licensed Product and country-by-country basis, and subject to the other terms of this Section 7.4, a royalty ("**Know-How Royalty**") equivalent to (x) with respect to NLG919 Products, [*] on annual worldwide Net Sales such Product and (y) with respect to Next Generation Products, [*] on annual worldwide Net Sales of such Product; provided that such rates are not subject to any further reductions. Notwithstanding the foregoing, [*] on Net Sales of a Licensed Product pursuant to this Section 7.4(b), Genentech [*] and in such event, [*] by Genentech shall [*] with respect to Net Sales of a Licensed Product pursuant to this Section 7.4(b).

(c) Royalty Term.

(i) Genentech's royalty payment obligations under Section 7.4(a) above shall commence on a country-by-country basis upon the First Commercial Sale of a given Licensed Product by Genentech, its Affiliates or its Sublicensees, and shall expire, on a country-by-country basis, [*] (i) the expiration of the last to expire Valid Claim included in NewLink Patents or Collaboration Patents that Covers the sale of such Licensed Product in such country; or (ii) the expiration of any Regulatory Exclusivity granted with respect to such Licensed Product in such country. For clarity, if Genentech's royalty payment obligations under Section 7.4(a) expire pursuant to the foregoing sentence prior to the [*] of the date of First Commercial Sale of such Licensed Product in such country, royalties shall continue to be payable on the sales of such Licensed Product in such country pursuant to Section 7.4(b) at the rate set forth therein, until the [*] of the date of First Commercial Sale of such Licensed Product in such country.

(ii) Genentech's royalty payment obligations under Section 7.4(b) above shall commence on a country-by-country basis upon the First Commercial Sale of a given Licensed Product, and expire on a country-by-country basis [*] of (A) the [*] of the date of First Commercial Sale of such Licensed Product in such country; or (B) such time as the sale of such Licensed Product in such country is Covered by a Valid Claim included in NewLink Patents or Collaboration Patents or Regulatory Exclusivity is granted with respect to such Licensed Product in such country, in which case such Licensed Product shall be subject to the royalty term set forth in Section 7.4(c)(i) above. For clarity, in the case of a Licensed Product without Regulatory Exclusivity for which a Valid Claim first comes into existence in a particular country after the date of First Commercial Sale in such country, on the date of first existence or issuance of such Valid Claim royalties shall continue to be payable on Net Sales of such Licensed Product pursuant to Section 7.4(a) at the rates set forth therein, and expire upon the expiration of all Valid Claims that Cover the sale of such Licensed Product in such country. For the purposes of calculating the [*] period above for each Licensed Product in any country within the EU, the [*] period shall start on the date of First Commercial Sale of any particular Licensed Product in the first Major EU Country.

(d) Royalty Rate Adjustments.

(i) Reduction for Generic Products. If a Generic Product is sold by a Third Party in a country where a Licensed Product is generating Net Sales, and the number of units of such Generic Product sold in such country in a particular calendar quarter equals or exceeds [*] of the number of units of the applicable Licensed Product sold in such country before the introduction of the Generic Product, then the royalty rate applicable to Net Sales of such Licensed Product in such country pursuant to Section 7.4(a) thereafter shall be reduced by [*]; provided, however, that such reduction shall not be cumulative with any reductions permitted under Section 7.4(d)(ii) below. For clarity, the royalty rates set forth in Section 7.4(b) are not subject to further reduction pursuant to this Section 7.4(d).

(ii) Reduction for Third Party Royalties. If, after the Execution Date, Genentech, any Affiliate or any Sublicensee obtains a right or license under any intellectual property of a Third Party, where the making, using, selling, offering for sale, or importing of a Licensed Product by Genentech, any Affiliate, or any Sublicensee would in the absence of such right or license infringe the intellectual property of a Third Party, then Genentech may deduct from the royalty payment that would otherwise have been due under Section 7.4 with respect to Net Sales of such Licensed Product in a particular calendar quarter, an amount equal to [*] pursuant to such right or license on account of such Licensed Product during such calendar quarter; provided, however, that in no event shall the royalties payable on Net Sales of a Licensed Product be reduced by more than [*] in any calendar quarter by operation of this Section 7.4(d)(ii). In addition, to the extent that the royalties on Net Sales of a Licensed Product in a country are reduced pursuant to Section 7.4(d)(i) in a given calendar quarter, Genentech may not make any further deductions from the royalty payment due on such Net Sales pursuant to this Section 7.4(d)(ii) for such calendar quarter.

(iii) Co-Promoted Product Royalty Rates. If NewLink has exercised its Co-Promote Option under Section 6.4 with respect to a particular Licensed Product or Subsequent Product in the applicable Indication, then the royalty rates set forth in Section 7.4(a) applicable to Net Sales of such Licensed Product or Section 7.5 applicable to Net Sales of Subsequent Product in the applicable Indication following such Co-Promote Option exercise shall be increased by [*] in the Co-Promotion Territory; provided, [*].

(e) Single Royalty. No more than one royalty payment shall be due under this Section 7.4 with respect to a sale of a particular Licensed Product. For the avoidance of doubt: (a) multiple royalties shall not be payable because the sale of a particular Licensed Product is Covered by more than one (1) Valid Claim in the country in which such Licensed Product is sold; or (b) in no event shall Genentech be obligated to simultaneously pay a royalty under Section 7.4(a) with respect to a sale of a particular Licensed Product in a particular country for which royalties are due under Section 7.4(b) in such country.

(f) Royalty Reports and Payment. Within [*] after each calendar quarter, commencing with the calendar quarter during which the First Commercial Sale of the first Licensed Product is made anywhere in the world, Genentech shall provide NewLink with a report that contains the following information for the applicable calendar quarter, on a Licensed Product-by-Licensed Product and country-by-country basis: (i) the amount of Sales of the Licensed Products, (ii) a calculation of Net Sales showing deductions provided for in the definition of “Net Sales,” (iii) a

calculation of the royalty payment due on such sales, including any royalty reduction made in accordance with Section 7.4(d), (iv) [*] (v) the exchange rate for such country. Concurrent with the delivery of the applicable quarterly report, Genentech shall pay in Dollars all royalties due to NewLink with respect to Net Sales for such calendar quarter.

(g) Rights Following Expiration of Royalty Term. Upon expiry of Genentech's payment obligation under this Section 7.4 with respect to a Licensed Product in a country and payment of all royalties due pursuant to this Section 7.4 for Net Sales of such Licensed Product in such country, the license in Section 3.1(a) shall be fully paid-up in respect of that Licensed Product in that country.

(h) Apportionment of [*] Consideration. Consideration, if any, paid by [*] shall be [*] based on [*]. The [*] shall be calculated [*] to which [*] relates to as follows: (a) [*] in the applicable country, divided by (b) the [*] in the applicable country, less [*] which are allocable to [*], and which are in accordance with the Accounting Standard for such period. The Parties shall negotiate in good faith and agree upon the [*] to be used on a consistent basis to [*] between the Parties (the "[*****]"). Genentech shall pay to NewLink [*] within [*] after receipt of the applicable consideration from [*]. For the purpose of clarity, any [*] under [*] shall not (x) be [*] or (y) be [*].

7.5 Payments on Subsequent Products. With respect to each Subsequent Product, Genentech shall pay to NewLink the Subsequent Product Percentage of each of the development and sales milestone payments specified in Section 7.3 and the Subsequent Product Percentage of the royalty payments specified in Section 7.4 in accordance with the terms of Sections 7.3 and 7.4, respectively, *mutatis mutandis* as if (a) such Subsequent Product were a Next Generation Product, (b) the Subsequent Compound in such Subsequent Product were a Next Generation Compound, and (c) all Patent Rights owned [*] were NewLink Patents or Collaboration Patents. For clarity, Genentech shall be responsible for paying the development milestone payments for each of the first [*] Subsequent Products to achieve each development milestone event set forth in Section 7.3(b) (subject to the [*]). The number of achievements of such milestone events by Next Generation Products shall not be taken into consideration when determining Genentech's payment obligations under this Section 7.5 nor shall the number of achievements of such milestone events by Subsequent Products be taken into consideration when determining Genentech's payment obligations under Section 7.3(b).

7.6 Clinical Diligence Fee. On the [*] anniversary of the Effective Date, Genentech shall pay NewLink a clinical diligence fee of [*] Dollars ($[*]) (each a **"Clinical Diligence Fee"**); provided, however, that no such payment shall be due if Genentech [*]. Any Clinical Diligence Fee payments made pursuant to this Section 7.6 shall be fully creditable against [*]. Genentech's obligations under this Section 7.6 shall terminate in their entirety upon [*].

7.7 Currency; Exchange Rate. All payments to be made by Genentech to NewLink under this Agreement shall be made in Dollars by bank wire transfer in immediately available funds to a bank account designated in writing by NewLink. The rate of exchange to be used in computing the amount of currency equivalent in Dollars using Genentech's then-current internal foreign

currency translation method actually used on a consistent basis in preparing its audited financial statements.

7.8 Late Payments. If NewLink does not receive payment of any sum due to it on or before the due date therefor, simple interest shall thereafter accrue on the sum due to NewLink from the due date until the date of payment at a per-annum rate of [*] or the maximum rate allowable by applicable Law, whichever is less.

7.9 Taxes.

(a) Taxes on Income. Each Party shall be solely responsible for the payment of all taxes imposed on its share of income arising directly or indirectly from the activities of the Parties under this Agreement.

(b) Tax Cooperation. The Parties agree to cooperate with one another and use reasonable efforts to avoid or reduce tax withholding or similar obligations in respect of royalties, milestone payments, and other payments made by Genentech to NewLink under this Agreement. To the extent Genentech is required to deduct and withhold taxes on any payment to NewLink, Genentech shall pay the amounts of such taxes to the proper Governmental Authority in a timely manner, and Genentech shall promptly transmit to NewLink an official tax certificate or other evidence of such payment sufficient to enable NewLink to claim such payment of taxes. NewLink shall provide Genentech any tax forms that may be reasonably necessary in order for Genentech to not withhold tax or to withhold tax at a reduced rate under an applicable bilateral income tax treaty, to the extent legally able to do so. NewLink shall use reasonable efforts to provide any such tax forms to Genentech in advance of the due date. Each Party shall provide the other with reasonable assistance to enable the recovery, as permitted by Law, of withholding taxes or similar obligations resulting from payments made under this Agreement, such recovery to be for the benefit of Genentech as the Party bearing such withholding tax under this Section 7.9. In addition, the Parties shall cooperate in accordance with Applicable Law to minimize indirect taxes (such as value added tax, sales tax, consumption tax and other similar taxes) in connection with this Agreement.

(c) Taxes Resulting from [*]. If a [*] shall be [*].

7.10 Records and Audit Rights. Each Party and its Affiliates shall maintain, and Genentech shall cause its Sublicensees to maintain, complete and accurate records in sufficient detail to permit the other Party to confirm the accuracy of the amount of Next Gen Research Plan Costs and Joint Development Costs, achievement of milestones, royalty payments and other amounts payable under this Agreement. Upon reasonable prior notice, such records shall be open during regular business hours for a period of [*] from the creation of individual records for examination by an independent certified public accountant selected by the auditing Party and reasonably acceptable to the audited entity for the sole purpose of verifying for the auditing Party the accuracy of the financial reports furnished by the other Party pursuant to this Agreement or of any payments made, or required to be made, by or to the other Party pursuant to this Agreement. Such audits shall not occur more often than once each calendar year. Such auditor shall not disclose the audited entity's Confidential Information to the auditing Party, except to the extent such disclosure is necessary to verify the accuracy of the financial reports furnished by the other

Party or the amount of payments to or by the other Party under this Agreement. Any amounts shown to be owed but unpaid shall be paid within [*] after the accountant's report, plus interest (as set forth in Section 7.8) from the original due date. The auditing Party shall bear the full cost of such audit unless such audit reveals an underpayment by, the other Party that resulted from a discrepancy in the financial report provided by the other Party for the audited period, which underpayment was more than [*] of the amount set forth in such report, in which case the other Party shall reimburse the auditing Party for the costs for such audit.

If the auditing Party does not request verification of any achievement of milestones, royalty payments and other amounts payable under this Agreement within [*], then the auditing Party will [*].

ARTICLE 8
INTELLECTUAL PROPERTY RIGHTS

8.1 Ownership of Collaboration Intellectual Property.

(a) NewLink and GNE shall jointly own and have an undivided one-half interest in and to, without a duty of accounting or an obligation to seek consent from the other Party for the exploitation or license of thereof (subject to the licenses granted to the other Party under this Agreement) (i) all Collaboration Intellectual Property conceived, discovered, invented, created, made or reduced to practice or tangible medium solely by employees, agents or contractors of NewLink ("**NewLink Collaboration IP**"); (ii) all Collaboration Intellectual Property conceived, discovered, invented, created, made or reduced to practice or tangible medium solely by employees, agents or contractors of GNE ("**GNE Collaboration IP**"); (iii) all Collaboration Intellectual Property conceived, discovered, invented, created, made or reduced to practice or tangible medium by employees, agents or contractors of both NewLink and GNE ("**Joint Collaboration IP**"). All determinations of inventorship under this Agreement shall be made in accordance with the patent law of the United States. Know-How included in Joint Collaboration IP shall be referred to as "**Joint Collaboration Know-How**" and Patent Rights included in Joint IP shall be referred to as "**Joint Collaboration Patents**".

(b) This Agreement shall be deemed a joint research agreement under 35 U.S.C. §103(c)(3) and any foreign counterparts entered into for the purpose of researching, identifying and developing Compounds and Licensed Products under the terms set forth herein.

8.2 Disclosure of Collaboration Intellectual Property. Each Party shall promptly disclose to the other Party all Collaboration Intellectual Property, including all invention disclosures or other similar documents submitted to such Party by its, or its Affiliates', employees, agents or independent contractors relating to such Collaboration Intellectual Property, and shall also respond promptly to reasonable requests from the other Party for additional information relating to such Collaboration Intellectual Property.

8.3 Patent Prosecution.

(a) Product-Specific Patents.

(i) As between the Parties, [*] shall be responsible for filing, prosecuting and maintaining the Product-Specific Patents through outside counsel mutually agreed upon by the Parties (the "**Patent Firm**"). The Parties hereby agree as of the Execution Date upon the selection of [*] as the initial Patent Firm. [*] shall be responsible for, and shall bear [*] of the costs and expenses of filing, prosecuting and maintaining the Product-Specific Patents. [*] shall consult with [*] and keep [*] reasonably informed of the status of the Product-Specific Patents and shall promptly provide [*] with copies of material correspondence received from any patent authorities in connection therewith. In addition, [*] shall promptly provide [*] with drafts of all proposed material filings and correspondences to any patent authorities with respect to the Product-Specific Patents for [*]'s review and comment prior to the submission of such proposed filings and correspondences. [*] shall confer with [*] and reasonably consider [*]'s comments prior to submitting such filings and correspondences, provided that [*] provides such comments within [*] of receiving the draft filings and correspondences from [*]. If [*] does not provide comments within such period of time, then [*] shall be deemed to have no comment to such proposed filings or correspondences. In case of disagreement between the Parties with respect to the filing, prosecution and maintenance of such Product-Specific Patents, the final decision shall be made by [*]. For the purpose of this Article 8, "prosecution" shall include any post-grant proceeding including supplemental examination, post-grant review proceeding, inter parties review proceeding, patent interference proceeding, opposition proceeding and reexamination.

(ii) [*] shall notify [*] in writing of any decision not to file, or to cease prosecution and/or maintenance of, any Product-Specific Patent in any country. [*] shall provide such notice at least [*] prior to any filing or payment due date, or any other due date that requires action in order to avoid loss of rights, in connection with such Product-Specific Patent. In such event, [*] shall permit [*], at its discretion [*], to continue prosecution or maintenance of such Product-Specific Patent in such country. [*]'s prosecution or maintenance of such Product-Specific Patent shall not change the Parties' respective rights and obligations under this Agreement with respect to such Product-Specific Patent other than those expressly set forth in this Section 8.3(a)(ii).

(b) [*] Patents.

(i) As between the Parties, [*] shall be responsible for filing, prosecuting and maintaining the [*], that are not Product-Specific Patents (collectively, the "[*****] **Patents**"). [*] shall be responsible for, and shall reimburse [*] for, [*] of the costs and expenses of filing, prosecuting and maintaining the [*] Patents. [*] shall consult with [*] and keep [*] reasonably informed of the status of the [*] Patents and shall promptly provide [*] with copies of material correspondence received from any patent authorities in connection therewith. In addition, [*] shall promptly provide [*] with drafts of all proposed material filings and correspondences to any patent authorities with respect to the [*] Patents for [*]'s review and comment prior to the submission of such proposed filings and correspondences. [*] shall confer with [*] and reasonably consider [*]'s comments prior to submitting such filings and correspondences, provided that [*] shall provide such comments within [*] of receiving the draft filings and correspondences from [*]. If [*] does not provide comments within such period of time, then [*] shall be deemed to have no comment to such proposed filings or correspondences.

In case of disagreement between the Parties with respect to the filing, prosecution and maintenance of such [*] Patents, the final decision shall be made by [*].

(ii) [*] shall notify [*] in writing of any decision to cease prosecution and/or maintenance of, any [*] Patents in any country. [*] shall provide such notice at least [*] prior to any filing or payment due date, or any other due date that requires action in order to avoid loss of rights, in connection with such [*] Patent. In such event, [*] shall permit [*], at its discretion [*], to continue prosecution or maintenance of such [*] Patent in such country. [*]'s prosecution or maintenance of such [*] Patent shall not change the Parties' respective rights and obligations under this Agreement with respect to such [*] Patent other than those expressly set forth in this Section 8.3(b)(ii).

(iii) In the event that [*] decides not to [*] related to a [*] Patent, [*] shall notify [*] in writing and [*] will have no further obligations to [*] regarding such Patent, and [*].

(c) [*] Patents.

(i) As between the Parties, [*] shall be responsible for filing, prosecuting and maintaining the [*] that are not Product-Specific Patents or [*] Patents (the "[***] Patents**"), at its own cost and expense. [*] shall consult with [*] and keep [*] reasonably informed of the status of the [*] Patents and shall promptly provide [*] with copies of material correspondence received from any patent authorities in connection therewith. In addition, [*] shall promptly provide [*] with drafts of all proposed material filings and correspondences to any patent authorities with respect to the [*] Patents for [*]'s review and comment prior to the submission of such proposed filings and correspondences. [*] shall confer with [*] and reasonably consider [*]'s comments prior to submitting such filings and correspondences, provided that [*] shall provide such comments within [*] of receiving the draft filings and correspondences from [*]. If [*] does not provide comments within such period of time, then [*] shall be deemed to have no comment to such proposed filings or correspondences. In case of disagreement between the Parties with respect to the filing, prosecution and maintenance of such [*] Patents, the final decision shall be made by [*].

(ii) [*] shall notify [*] in writing of any decision to cease prosecution and/or maintenance of, any [*] Patents in any country. [*] shall provide such notice at least [*] prior to any filing or payment due date, or any other due date that requires action in order to avoid loss of rights, in connection with such [*] Patent. In such event, [*] shall, to the extent it has the rights to do so, permit [*], at its discretion [*], to continue prosecution or maintenance of such [*] Patent in such country. [*]'s prosecution or maintenance of such [*] Patent shall not change the Parties' respective rights and obligations under this Agreement with respect to such [*] Patent other than those expressly set forth in this Section 8.3(c)(ii).

(d) Collaboration. When a Party assumes the responsibilities for the prosecution and maintenance of a Patent under Section 8.3(a)(ii), 8.3(b)(ii) or 8.3(c)(ii), the other Party shall promptly transfer to such Party the patent prosecution files for such Patent and provide reasonable assistance in the transfer of the prosecution responsibilities. The Party assuming such prosecution and maintenance responsibilities shall have the right to engage its own counsel to do so.

8.4 Patent Enforcement.

(a) Each Party shall notify the other within [*] of becoming aware of (a) any alleged or threatened infringement by a Third Party of any Product-Specific Patent or any "patent certification" filed in the United States under 21 U.S.C. §355(b)(2) or 21 U.S.C. §355(j)(2) or similar provisions in other jurisdictions alleging the invalidity, unenforceability or non-infringement of any Product-Specific Patent (collectively, "**Specific Infringement**") or (b) any alleged or threatened infringement by a Third Party of any NewLink Patent or Genentech Patent (other than a Product-Specific Patent) through the manufacture, use, offer for sale, sale or importation of a Licensed Product or any "patent certification" filed in the United States under 21 U.S.C. §355(b)(2) or 21 U.S.C. §355(j)(2) or similar provisions in other jurisdictions alleging the invalidity, unenforceability or non-infringement of any NewLink Patent or Genentech Patent with respect to a Licensed Product (collectively, "**Product Infringement**").

(b) GNE shall have the first right to bring and control any legal action in connection with any Specific Infringement or Product Infringement at its own expense as it reasonably determines appropriate, and NewLink shall have the right to be represented in any such action by counsel of its choice. If GNE decides not to bring such legal action, it shall so notify NewLink promptly in writing and NewLink shall have the right to bring and control any legal action in connection with such Specific Infringement or Product Infringement, except to the extent such infringement is under a GNE Patent, at its own expense as it reasonably determines appropriate after consultation with GNE.

(c) NewLink shall have the exclusive right to enforce the NewLink Patents that are not Product-Specific Patents for any infringement that is not a Product Infringement at its own expense as it reasonably determines appropriate. GNE shall have the exclusive right to enforce the Genentech Patents that are not Product-Specific Patents for any infringement that is not a Product Infringement at its own expense as it reasonably determines appropriate.

(d) At the request of the Party bringing the action, the other Party shall provide reasonable assistance in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action if required.

(e) In connection with any such proceeding, the Party bringing the action shall not enter into any settlement admitting the invalidity of, or otherwise impairing the other Party's rights in, the NewLink Patents or Genentech Patents without the prior written consent of the other Party.

(f) Any recoveries resulting from enforcement action relating to a claim of Specific Infringement or Product Infringement shall be first applied against payment of each Party's costs and expenses in connection therewith. Any such recoveries in excess of such costs and expenses (the "**Remainder**") shall be shared by the Parties as follows: [*] of such Remainder shall be [*], and [*] of such Remainder shall be [*].

8.5 Trademarks. Genentech shall have the right to brand the Licensed Products using Genentech related trademarks and any other trademarks and trade names it determines appropriate

for the Licensed Products, which may vary by country or within a country ("**Product Marks**"). Genentech shall own all rights in the Product Marks and shall register and maintain the Product Marks in the countries and regions that it determines reasonably necessary, at Genentech's cost and expense. If NewLink exercises its Co-Promotion Option for a Licensed Product, [*], to the extent legally possible under applicable Law.

8.6 Cooperation. Each Party shall execute such documentation as may be necessary or appropriate, and provide reasonable assistance and cooperation, to implement the provisions of this Article 8. Each Party shall to the extent legally possible under relevant national or local laws require all of its employees, its Affiliates and any Third Parties working pursuant to this Agreement on its behalf, to assign (or otherwise convey rights) to such Party any Patents and Know-How discovered, conceived or reduced to practice by such employee, Affiliate or Third Party, and to cooperate with such Party in connection with obtaining patent protection therefor.

ARTICLE 9
CONFIDENTIALITY; PUBLICATION

9.1 Duty of Confidence. Subject to the other provisions of this Article 9:

(a) all Confidential Information of a Party (the "**Disclosing Party**") shall be maintained in confidence and otherwise safeguarded by the other Party (the "**Receiving Party**") and its Affiliates, using Commercially Reasonable Efforts, but in any event no less than in the same manner and with the same protections as the Receiving Party maintains its own confidential information;

(b) the Receiving Party may only use any such Confidential Information for the purposes of performing its obligations or exercising its rights under this Agreement; and

(c) the Receiving Party may disclose Confidential Information of the other Party to: (i) its Affiliates and sublicensees; and (ii) employees, directors, agents, contractors, consultants and advisers of the Receiving Party and its Affiliates and sublicensees, in each case to the extent reasonably necessary for the purposes of, and for those matters undertaken pursuant to, this Agreement; provided that such Persons are bound by legally enforceable obligations to maintain the confidentiality of the Confidential Information in a manner consistent with the confidentiality provisions of this Agreement.

9.2 Exceptions. The foregoing obligations as to particular Confidential Information of a Disclosing Party shall not apply to the extent that the Receiving Party can demonstrate through competent evidence that such Confidential Information:

(a) is known by the Receiving Party at the time of its receipt without an obligation of confidentiality, and not through a prior disclosure by the Disclosing Party, as documented by the Receiving Party's business records;

(b) is in the public domain before its receipt from the Disclosing Party, or thereafter enters the public domain through no fault of the Receiving Party;

(c) is subsequently disclosed to the Receiving Party by a Third Party who may lawfully do so and is not under an obligation of confidentiality to the Disclosing Party; or

(d) is developed by the Receiving Party independently and without use of or reference to any Confidential Information received from the Disclosing Party, as documented by the Receiving Party's business records.

No combination of features or disclosures shall be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of the Receiving Party, unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the Receiving Party.

9.3 Authorized Disclosures. Notwithstanding the obligations set forth in Sections 9.1 and 9.4, a Party may disclose the other Party's Confidential Information (including this Agreement and the terms herein) to the extent:

(a) such disclosure: (i) is reasonably necessary for the filing or prosecuting Patent Rights as contemplated by this Agreement; (ii) is reasonably necessary in connection with regulatory filings for Licensed Products; (iii) is reasonably necessary for the prosecuting or defending litigation as contemplated by this Agreement; or (iv) is made to any Third Party bound by written obligation of confidentiality and non-use substantially consistent with to those set forth under this Article 9, to the extent otherwise necessary or appropriate in connection with the exercise of its rights or the performance of its obligations hereunder;

(b) such disclosure is reasonably necessary: (i) to such Party's directors, attorneys, independent accountants or financial advisors for the sole purpose of enabling such directors, attorneys, independent accountants or financial advisors to provide advice to such Party, provided that in each such case on the condition that such directors, attorneys, independent accountants and financial advisors are bound by confidentiality and non-use obligations substantially consistent with those contained in this Agreement; or (ii) to actual or potential investors, acquirors, (sub)licensees and other financial or commercial partners solely for the purpose of evaluating or carrying out an actual or potential investment, acquisition or collaboration; provided that in each such case on the condition that such Persons are bound by confidentiality and non-use obligations substantially consistent with those contained in the Agreement;

(c) such disclosure is required by judicial or administrative process, provided that in such event such Party shall promptly notify the other Party in writing of such required disclosure, to the extent possible, and provide the other Party an opportunity to challenge or limit the disclosure obligations. Confidential Information that is disclosed by judicial or administrative process shall remain otherwise subject to the confidentiality and non-use provisions of this Article 9, and the Party disclosing Confidential Information pursuant to Law or court order shall take all steps reasonably necessary, including seeking of confidential treatment or a protective order, to ensure the continued confidential treatment of such Confidential Information.

9.4 Publications. Except as otherwise expressly provided herein, neither Party shall disclose by any means (including electronically) any Confidential Information of the other Party, or information related to the Next Gen Research Program or Initial Development Plan, without the other Party's prior written consent. Subject to the preceding sentence, in the event a Party wishes to publish or orally present information relating to or arising from Confidential Information of the other Party or information related to the Next Gen Research Program or Initial Development Plan, such Party shall submit to the other Party all materials related to the proposed publication or presentation (including, without limitation, posters, abstracts, manuscripts and written descriptions of oral presentations) at least [*] ([*] for abstracts only) prior to the date of submission for publication or the date of presentation, whichever is earlier, of any such submitted materials. The other Party shall review such submitted materials and respond to the submitting Party as soon as reasonably possible, but in any case within [*] ([*] for abstracts only) of receipt thereof. At the option of the reviewing Party, the submitting Party shall (a) modify or delete from such proposed publication or presentation any Confidential Information of the reviewing Party and/or (b) delay the date of such submission for publication or the date of such presentation for a period of time sufficiently long (but in no event longer than [*]) to permit the reviewing Party to seek appropriate patent protection. In the event the reviewing Party does not respond within the period specified above, the submitting Party will be free to make such proposed publication or presentation. For clarity, Parties acknowledge that as of the Execution Date, NewLink has [*] relating to [*], and such [*].

9.5 Publicity; Use of Names.

(a) The Parties will agree on language of a press release announcing this Agreement to be issued by the Parties promptly after the mutual execution of the Agreement. No other disclosure of the existence or the terms of this Agreement or the subject hereof ("**Disclosure**") may be made by either Party or its Affiliates except as provided in Section 9.3 and this Section 9.5. No Party shall use the name, trademark, trade name or logo of the other Party, its Affiliates or their respective employees in any publicity, promotion, news release or disclosure relating to this Agreement or its subject matter, except as provided in this Section 9.5 or with the prior express written permission of the other Party, except as may be required by applicable Law.

(b) A Party may disclose this Agreement in securities filings with the Securities Exchange Commission (the "**SEC**") or equivalent foreign agency to the extent required by applicable Law. In such event, the Party seeking such disclosure shall prepare a draft confidential treatment request and proposed redacted version of this Agreement to request confidential treatment for this Agreement, and the other Party agrees to promptly (and in any event, no less than [*] after receipt of such confidential treatment request and proposed redactions) gives its input in a reasonable manner in order to allow the Party seeking disclosure to file its request within the time lines proscribed by applicable Law. The Party seeking such disclosure shall reasonably consider any comments thereto provided by the other Party within [*] following such receipt.

(c) Each Party acknowledges that the other Party may be legally required to make public disclosures (including in filings with the Governmental Authorities) of certain terms of or material developments or material information generated under this Agreement and agrees that each Party may make such disclosures as required by Law, provided that the Party seeking such

disclosure first provides the other Party a copy of the proposed disclosure, and shall reasonably consider any comments thereto provided by the other Party within [*] (or such shorter period as required by the Securities Exchange Act of 1934, including the regulations promulgated thereunder, as amended) after the receipt of such proposed disclosure. In the event the reviewing Party would prefer not to make the proposed Disclosure, the Party seeking such Disclosure shall either (i) limit the proposed Disclosure to address the concerns of the other Party or (ii) provide a written opinion from counsel stating that such limited Disclosure is not sufficient to comply with the applicable law, rule or regulation.

(d) Other than the press release described in subsection (a) above, the Parties agree that the portions of any other news release or other public announcement relating to this Agreement or the performance hereunder that would disclose information other than that already in the public domain, shall first be reviewed and approved by both Parties (with such approval not to be unreasonably withheld or delayed); provided, however, that notwithstanding the foregoing, NewLink shall have the right to disclose publicly (including on its website): (i) the fact that it has entered into this Agreement; (ii) the receipt of any milestone payments under this Agreement; (iii) Marketing Approval of any Licensed Product; (iv) the First Commercial Sale of any Licensed Product; and (vi royalties received from Genentech. For each such disclosure, unless NewLink otherwise has the right to make such disclosure under this Article 9, NewLink shall provide Genentech with a draft of such disclosure at least [*] (or if such press release is being issued in conjunction with a filing under subsection (c) above, such shorter period as required by the Securities Exchange Act of 1934, including the regulations promulgated thereunder, as amended) prior to its intended release for Genentech's review and comment, and shall consider Genentech's comments in good faith. If NewLink does not receive comments from Genentech within the period specified above, NewLink shall have the right to make such disclosure without further delay. The Parties shall use reasonable efforts to coordinate the timing of such disclosures to be outside the trading hours of the NASDAQ stock market, provided that neither Party shall be required to so delay such a disclosure where such delay would reasonably be expected to give rise to liability for or sanctions upon such Party in such Party's sole judgment.

9.6 Attorney-Client Privilege. Neither Party is waiving, nor shall be deemed to have waived or diminished, any of its attorney work product protections, attorney-client privileges or similar protections and privileges or the like as a result of disclosing information pursuant to this Agreement, or any of its Confidential Information (including Confidential Information related to pending or threatened litigation) to the Receiving Party, regardless of whether the Disclosing Party has asserted, or is or may be entitled to assert, such privileges and protections. The Parties: (a) share a common legal and commercial interest in such disclosure that is subject to such privileges and protections; (b) are or may become joint defendants in proceedings to which the information covered by such protections and privileges relates; (c) intend that such privileges and protections remain intact should either Party become subject to any actual or threatened proceeding to which the Disclosing Party's Confidential Information covered by such protections and privileges relates; and (d) intend that after the Execution Date both the Receiving Party and the Disclosing Party shall have the right to assert such protections and privileges.

ARTICLE 10

TERM AND TERMINATION

10.1 Term. The term of this Agreement (the "**Term**") shall commence upon the Effective Date and, unless earlier terminated as set forth in Section 10.2 below, continue in full force and effect, on a country-by-country and Licensed Product-by-Licensed Product basis, until there is no remaining royalty payment or other payment obligation of Genentech in such country with respect to such Licensed Product, at which time this Agreement shall expire with respect to such Licensed Product in such country. The Term shall expire on the date this Agreement has expired in its entirety with respect to all Licensed Products in all countries in the Territory.

10.2 Termination.

(a) Termination by Genentech for Convenience. At any time after the expiration of the Next Gen Research Term, Genentech may terminate this Agreement for convenience either in its entirety or with respect to either NLG919 or the Next Generation Compounds by providing written notice of termination to NewLink, which notice includes an effective date of termination at least one hundred eighty (180) days after the date of the notice.

(b) Termination by Either Party for Material Breach. If either Party believes in good faith that the other is in material breach of its obligations hereunder (including an uncured breach by Genentech of its obligations under Section 7.6 (Clinical Diligence Fee)) then the non-breaching Party may deliver notice of such breach to the other Party. For all breaches other than a failure to make a payment as set forth in this Agreement, the allegedly breaching Party shall have [*] from receipt of such notice to dispute or cure such breach; provided, that if such breach is not capable of being cured within such [*] period, the cure period shall be extended for such amount of time that the Parties may agree in writing is reasonably necessary to cure such breach, so long as (1) the breaching Party is making diligent efforts towards curing the breach, and (2) the Parties agree on an extension within such [*] period. For any breach arising from a failure to make a payment set forth in this Agreement, the allegedly breaching Party shall have [*] from receipt of the notice to dispute or cure such breach. If the Party receiving notice of breach fails to cure, or fails to dispute, that breach within the applicable period set forth above, then the Party originally delivering the notice of breach may terminate this Agreement effective on written notice of termination to the other Party. Notwithstanding anything to the contrary herein, if the allegedly breaching Party in good faith disputes (i) whether a breach is material or has occurred, or (ii) the alleged failure to cure or remedy such material breach, and provides written notice of that dispute to the other Party within the applicable period set forth above, then the matter shall be addressed under the dispute resolution provisions in Article 13, and the Party seeking to terminate this Agreement for breach may not so terminate this Agreement until it has been determined under Article 13 that the allegedly breaching Party is in material breach of this Agreement, and such breaching Party further fails to cure such breach within [*] (or such longer cure period as determined by the arbiter of such dispute resolution) after the conclusion of that dispute resolution procedure. It is agreed and understood by the Parties that in the event NewLink seeks to terminate pursuant to

this Section 10.2(b) due to Genentech's uncured breach of its obligations under Section 5.5 (Diligence), to the extent [*], NewLink may [*] with respect to [*] obligations under Section 5.5.

(c) Termination by Either Party for Insolvency or Bankruptcy. Either Party may terminate this Agreement effective on written notice to the other Party upon the liquidation, dissolution, winding-up, insolvency, bankruptcy, or filing of any petition therefor, appointment of a receiver, custodian or trustee, or any other similar proceeding, by or of the other Party where such petition, appointment or similar proceeding is not dismissed or vacated within [*] an where such petition, appointment or similar proceeding is not a part of any bona fide reorganization of a Party or its Affiliates.

(d) Termination by NewLink for Patent Challenge.

(i) Except to the extent the following is unenforceable under the Laws of a particular jurisdiction, NewLink may terminate this Agreement if Genentech or its Affiliates or Sublicensees (with respect to the NewLink Patents sublicensed to such sublicensee), individually or in association with any other person or entity, commences a legal action challenging the validity, enforceability or scope of any NewLink Patent.

(ii) Notwithstanding the foregoing, if a [*], NewLink shall not have the right to terminate this Agreement if, within [*] thereafter, Genentech delivers a [*].

(iii) Notwithstanding the foregoing, [*], NewLink shall not have the right to terminate this Agreement if, within [*], the legal action is withdrawn or dismissed.

(iv) Nothing in this Agreement shall prevent or limit Genentech or its Affiliates or its or their sublicensees from challenging the validity, enforceability, or scope of any claim of the NewLink Patents as a defense to any claim for infringement of the NewLink Patents asserted by NewLink or its Affiliates.

10.3 Effects of Termination in General. Upon the termination of this Agreement for any reason, the following shall apply (in addition to any other rights and obligations under this Agreement with respect to such termination, including under Section 10.7):

(a) Termination of Licenses; No Exclusivity. Upon the effective date of such termination, (i) all licenses and other rights granted to Genentech under the NewLink Technology, other than the license in Section 3.1(b) shall terminate and (ii) neither Party shall have any further obligations under Section 3.5.

(b) Return of Confidential Information. It is understood and agreed, that each Party shall have a continuing right to use and disclose Confidential Information of the other Party under any surviving licenses pursuant to this Article 10. Subject to the foregoing, following expiration or any early termination of this Agreement, the Receiving Party shall return to the Disclosing Party or destroy all Confidential Information of the Disclosing Party in its possession as of the effective date of termination (with the exception of one copy of such Confidential Information, which may be retained by the Receiving Party in its legal archives to confirm

compliance with the non-use and non-disclosure provisions of this Agreement), and any Confidential Information of the Disclosing Party contained in its laboratory notebooks or databases.

(c) Inventory at Termination. At NewLink's election and request, and except to the extent necessary to enable Genentech to fulfill its supply obligation to NewLink pursuant to Section10.4(e)(i) or except as necessary for Genentech to comply with Regulatory Authority retention requirements, Genentech shall transfer to NewLink or its designee any and all inventory of Reversion Compounds and Advanced Reversion Products ([*]) then in the possession or control of Genentech, its Affiliates or Sublicensees, and Genentech shall use commercially reasonable efforts to continue, have continued or to transfer to NewLink (at Genentech's election) any ongoing stability studies pertaining to any materials so transferred; provided that NewLink shall pay Genentech a price equal to Genentech's fully burdened cost of goods of such transferred Reversion Compounds and Reversion Products.

(d) Termination Press Releases. In the event of termination of this Agreement for any reason and subject to the provisions of Section 9.5, the Parties shall cooperate in good faith to coordinate public disclosure of such termination, and shall not, except to the extent required by applicable Law, disclose such information without the prior approval of the other Party. The principles to be observed in such disclosures shall be accuracy, compliance with applicable Law and regulatory guidance documents, and reasonable sensitivity to potential negative investor reaction to such news.

10.4 Effect of Termination of Agreement by Genentech under Section 10.2(a) or by NewLink under Section 10.2(b), 10.2(c) or 10.2(d). Upon the termination of this Agreement in its entirety or with respect to either NLG919 or the Next Generation Compounds by Genentech under Section 10.2(a) or by NewLink under Section 10.2(b), 10.2(c) or 10.2(d), the following shall apply with respect to the applicable Reversion Compounds being terminated (in addition to any other rights and obligations under this Agreement with respect to such termination):

(a) License Grant. Genentech hereby grants, effective upon such termination, to NewLink an exclusive (even as to Genentech), sublicenseable, worldwide, royalty-bearing, license under the Genentech Reversion Technology to research, develop, import, use, make, have made, offer for sale and sell Reversion Compounds and Reversion Products (including as part of a NewLink Combination Therapy) in the Field in the Territory. The foregoing license in this Section 10.4(a) does not include any rights for NewLink to research, develop, make, have made, sell or offer for sale any proprietary compound or other Active Ingredient of Genentech that is not a Reversion Product. [*]

The license granted in this Section 10.4(a) shall be exclusive of any rights under Patent Rights or information controlled by Genentech for which Genentech would incur a financial obligation to a Third Party by the grant of such license to NewLink for NewLink's development, manufacturing or commercialization activities under such license, unless NewLink agrees in writing to pay to Genentech for the full amount of such financial obligation (including all fees, payments and/or royalties).

(b) Patent Prosecution and Enforcement. With respect to the Patent Rights exclusively licensed to NewLink pursuant to Section 10.4(a), NewLink shall have the patent prosecution rights and [*] and the patent enforcement rights set forth in Section 8.4 as if such Patent Rights were [*].

(c) Regulatory Materials; Data. Within [*] of the effective date of such termination, unless otherwise agreed by the Parties, Genentech shall transfer to NewLink, all Regulatory Materials relating to any Reversion Products, all study protocols for and data from preclinical, non-clinical and clinical studies conducted by or on behalf of Genentech, its Affiliates or Sublicensees relating to any Reversion Products and all pharmacovigilance data (including all adverse event databases) relating to any Reversion Products. Genentech shall assign to NewLink all of the foregoing, except to the extent [*]. At NewLink's request, Genentech shall provide NewLink with assistance with any inquiries and correspondence with Regulatory Authorities relating to any Reversion Product for a period of [*] after such termination, not to exceed [*] FTE hours. Unless the Parties agree otherwise, such Regulatory Materials to the extent related to an Active Ingredient proprietary to Genentech will be deemed Genentech's Confidential Information.

(d) Trademarks. Genentech shall transfer and assign, and shall ensure that its Affiliates transfer and assign, to NewLink, at no cost to NewLink, all Product Marks relating to any Advanced Reversion Product and any applications therefor (excluding any such marks that [*]). NewLink and its Affiliates and licensees shall have the right to use other identifiers specific to any Advanced Reversion Product [*].

(e) Transition Assistance. Genentech shall provide the following transitional assistance, at its own cost unless specifically set forth below:

(i) At NewLink's request, Genentech shall: (A) manufacture and supply NewLink with Advanced Reversion Products at [*] for a period of [*] after such termination; (B) to the extent [*], assign or transfer to NewLink any manufacturing agreement between Genentech and a Third Party contract manufacturer with respect to any Advanced Reversion Product, provided that such manufacturing agreement does not also pertain to products that are not Advanced Reversion Products; and/or (C) transfer to NewLink (or its designee) all Know-How and materials to enable NewLink or such designee to assume the manufacture and supply of any Advanced Reversion Product and shall provide reasonable technical assistance in connection therewith.

(ii) If at the time of such termination, Genentech or its Affiliates are conducting any clinical trials for a Reversion Product, then Genentech shall pay for the costs of all such clinical trials for up to [*] after the effective date of termination and, at NewLink's election with respect to any such trial that does not involve the combination of a Reversion Product with an Active Ingredient that is proprietary to Genentech, Genentech shall cooperate, and shall ensure that its Affiliates cooperate, with NewLink to transfer the conduct of all such clinical trials to NewLink, in which case NewLink shall assume any and all liability for the conduct of such transferred clinical trials after the effective date of such termination (except (A) for Genentech's obligation to pay costs pursuant to this subsection (ii) and (B) to the extent arising prior to the transfer date or from any act or omission by Genentech, its Affiliates or their respective employees, agents and contractors). With respect to any clinical trials that Genentech or its Affiliates is conducting at the time of

termination that are not transferred to NewLink pursuant to the preceding sentence, Genentech shall, at its expense, orderly wind-down the conduct of any such clinical trial.

10.5 NewLink's Material Breach of Certain Provisions. If NewLink materially breaches [*], then if Genentech has the right to terminate this Agreement pursuant to Section 10.2(b) on account of such breach (following notice, opportunity to cure and dispute resolution, if applicable), Genentech shall have the right, [*], to elect by providing written notice to NewLink, to [*].

10.6 In-License of Compounds by Genentech Following Termination. Following termination of the Agreement in its entirety or with respect to [*], Genentech shall have the right, [*], to in-license from a Third Party a Compound, provided that such Compound [*] or otherwise [*].

10.7 Survival. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination, nor shall it preclude either Party from pursuing any rights and remedies it may have hereunder at law or in equity which accrued or are based upon any event occurring prior to the effective date of such expiration or termination. Without limiting the foregoing and in addition to any provisions specified in this Article 10 as surviving under the applicable circumstances, the provisions of Articles 1, 7 (with respect to payments accrued before the date of expiration or termination), 9, 12, 13 and 14, and Sections 3.1(b), 3.3(b), 4.5, 5.6, 8.1, 8.3(d), 8.6, 10.3, 10.4, 10.6, 10.7 and 10.8 shall survive the expiration or termination of this Agreement.

10.8 Termination Not Sole Remedy. Termination, or exercise by Genentech of its rights pursuant to Section 10.5, is not the sole remedy under this Agreement and, whether or not termination or exercise of such rights is effected, and notwithstanding anything contained in this Agreement to the contrary, all other remedies shall remain available except as agreed to otherwise herein.

ARTICLE 11
REPRESENTATIONS AND WARRANTIES

11.1 General Representations and Warranties. Each Party represents and warrants to the other Party as of the Execution Date that:

(a) it is validly organized under the laws of its jurisdiction of incorporation;

(b) it has obtained all necessary consents, approvals and authorizations of all governmental authorities and other persons or entities required to be obtained by it in connection with this Agreement;

(c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on its part;

(d) it has the full right, power and authority to enter into this Agreement, and to fully perform its obligations hereunder;

(e) this Agreement has been duly executed by it and is legally binding upon it, enforceable in accordance with its terms, and neither this Agreement nor performance of its obligations hereunder will conflict with any agreement, contract, instrument, understanding or other arrangement, oral or written, to which it is a party or by which it may be bound, nor violate any material Law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it; and

(f) it follows reasonable commercial practices common in the industry to protect its proprietary and confidential information, including requiring its employees, consultants and agents to be bound in writing by obligations of confidentiality and non-disclosure, and requiring its employees, consultants and agents to assign to it any and all inventions and discoveries discovered by such employees, consultants or agents made within the scope of, and during their employment, and only disclosing proprietary and confidential information to Third Parties pursuant to written confidentiality and non-disclosure agreements.

11.2 Representations and Warranties by NewLink. NewLink represents and warrants to Genentech as of the Execution Date that:

(a) it has the right to grant the licenses and rights granted herein to Genentech and it has not granted, and will not grant during the term of this Agreement, any license, right or interest in, to or under the NewLink Technology or any portion thereof, to any Third Party that is inconsistent with the licenses and rights granted to Genentech herein;

(b) it has not received any written notice from any Third Party asserting or alleging that the development prior to the Execution Date of NLG919 Products or Next Generation Compounds in existence as of the Execution Date infringed or misappropriated the intellectual property rights of such Third Party;

(c) to NewLink's knowledge, the development prior to the Execution Date of NLG919 Products or Next Generation Compounds in existence as of the Execution Date did not infringe any valid intellectual property rights owned or possessed by any Third Party and did not breach any obligation of confidentiality or non-use owed by NewLink to a Third Party; and

(d) there are no judgments or settlements against or owed by NewLink, and to NewLink's knowledge, there are no pending or threatened claims, actions or litigation, or arbitration proceedings in each case relating to any NewLink Technology.

11.3 Representations and Warranties by GNE. GNE represents and warrants to NewLink as of the Execution Date that GNE and to GNE's knowledge, Genentech (other than GNE) has the right to grant the license and rights herein to NewLink and GNE and Genentech (other than GNE) have not granted any license, right or interest in, to or under the Genentech Technology to any Third Party that is inconsistent with the licenses granted to NewLink under Section 3.3 and Section 10.4.

11.4 Mutual Covenants.

(a) No Debarment. In the course of the Research of the Compounds, and the Development and Commercialization of the Licensed Products, neither Party (nor its Affiliates shall use any employee or consultant (including of any (sub)licensee) who has been debarred or disqualified by any Regulatory Authority, or, to such Party's or its Affiliates' knowledge, is the subject of debarment or disqualification proceedings by a Regulatory Authority. Each Party shall notify the other Party promptly upon becoming aware that any of its or its Affiliates' employees or consultants has been debarred or is the subject of debarment or disqualification proceedings by any Regulatory Authority.

(b) Compliance. Each Party and its Affiliates shall comply in all material respects with all applicable Laws (including all anti-bribery laws) in the Research of the Compounds, and the Development and Commercialization of the Licensed Products and performance of its obligations under this Agreement.

11.5 No Other Warranties. EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 11, (A) NO REPRESENTATION, CONDITION OR WARRANTY WHATSOEVER IS MADE OR GIVEN BY OR ON BEHALF OF NEWLINK OR GENENTECH; AND (B) ALL OTHER CONDITIONS AND WARRANTIES WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE ARE HEREBY EXPRESSLY EXCLUDED, INCLUDING ANY CONDITIONS AND WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

ARTICLE 12
INDEMNIFICATION; LIABILITY; INSURANCE

12.1 Indemnification by NewLink. NewLink shall indemnify and hold Genentech, its Affiliates and their respective officers, directors, agents and employees ("**Genentech Indemnitees**") harmless from and against any and all liabilities, damages, settlements, penalties, fines, costs or expenses (including, without limitation, reasonable attorneys' fees and other expenses of litigation) (collectively, "**Losses**") arising, directly or indirectly out of or in connection with any Claims against them to the extent arising or resulting from:

(a) the negligence, recklessness or willful misconduct of any of the NewLink Indemnitees; or

(b) the breach of any of the warranties or representations made by NewLink to Genentech under this Agreement; or

(c) any breach by NewLink of its obligations pursuant to this Agreement; or

(d) activities performed by NewLink in connection with the exercise of its licenses and rights under this Agreement;

except in each case, to the extent such Claims result from the breach by any Genentech Indemnitee of any covenant, representation, warranty or other agreement made by or obligation of Genentech in this Agreement or the negligence, recklessness or willful misconduct of any Genentech Indemnitee.

12.2 Indemnification by Genentech. Genentech shall indemnify and hold NewLink, its Affiliates, and their respective officers, directors, agents and employees ("**NewLink Indemnitees**") harmless from and against any Losses arising, directly or indirectly out of or in connection with any Claims arising under or related to this Agreement against them to the extent arising or resulting from:

(a) activities performed by Genentech or its Affiliates or Sublicensees in connection with the exercise of its licenses and rights under this Agreement, including the research of Compounds or Development or Commercialization of Licensed Products or Subsequent Products by or on behalf of Genentech or any Affiliates or Sublicensees; or

(b) the negligence, recklessness or willful misconduct of any of the Genentech Indemnitees; or

(c) the breach of any of the warranties or representations made by Genentech to NewLink under this Agreement; or

(d) any breach by Genentech of its obligations pursuant to this Agreement;

except in each case, to the extent such Claims result from the breach by any NewLink Indemnitee of any covenant, representation, warranty or other agreement made by or obligation of NewLink in this Agreement or the negligence, recklessness or willful misconduct of any NewLink Indemnitee.

12.3 Indemnification Procedure. If either Party is seeking indemnification under Sections 12.1 or 12.2 (the **"Indemnified Party"**), it shall inform the other Party (the **"Indemnifying Party"**) of the Claim giving rise to the obligation to indemnify pursuant to such Section as soon as reasonably practicable after receiving notice of the Claim. The Indemnifying Party shall have the right to assume the defense of any such Claim for which it is obligated to indemnify the Indemnified Party. The Indemnified Party shall cooperate with the Indemnifying Party and the Indemnifying Party's insurer as the Indemnifying Party may reasonably request, and at the Indemnifying Party's cost and expense. The Indemnified Party shall have the right to participate, at its own expense and with counsel of its choice, in the defense of any Claim that has been assumed by the Indemnifying Party. Neither Party shall have the obligation to indemnify the other Party in connection with any settlement made without the Indemnifying Party's written consent, which consent shall not be unreasonably withheld or delayed. If the Parties cannot agree as to the application of Section 12.1 or 12.2 as to any Claim, pending resolution of the Dispute pursuant to Article 13, the Parties may conduct separate defenses of such Claims, with each Party retaining the right to claim indemnification from the other Party in accordance with Section 12.1 or 12.2 upon resolution of the underlying Claim.

12.4 Mitigation of Loss. Each Indemnified Party shall take and shall procure that its Affiliates take all such reasonable steps and action as are reasonably necessary or as the Indemnifying Party may reasonably require in order to mitigate any Losses arising out of or in connection with any Claims under this Article 12. Nothing in this Agreement shall or shall be deemed to relieve any Party of any common law or other duty to mitigate any losses incurred by it.

12.5 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT DAMAGES ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 12.5 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER SECTION 12.1 OR 12.2, OR DAMAGES AVAILABLE FOR A PARTY'S BREACH OF ITS OBLIGATIONS HEREUNDER PURSUANT TO ARTICLE 9 OR SECTION 3.5.

12.6 Insurance. **Coverage**. Each Party shall procure and maintain insurance coverage as set forth in this Section 12.6 at its own cost; provide however Genentech has the right, in its sole discretion, to self-insure, in part or in whole, for any such coverage.

(i) Each Party shall maintain commercial general liability ("**CGL**") insurance, including contractual liability, combined single limit for bodily injury and property damage liability, in the minimum amount per occurrence of: (A) [*] dollars ($[*]) commencing as of the Execution Date; (B) [*] dollars ($[*]) commencing at least [*] prior to any period during which such Party (or its Sublicensees) is conducting a clinical trial with any Licensed Product; and (C) [*] dollars ($[*]) commencing at least [*] prior to any period during which such Party (or its Sublicensees) is co-promoting or selling any Licensed Products.

(ii) Each Party shall maintain products liability insurance, including contractual liability, combined single limit for bodily injury and property damage liability, in the minimum amount of: (A) [*] dollars ($[*]) commencing at least [*] prior to any period during which such Party (or its Sublicensees) is conducting a clinical trial with any Licensed Product and (B) [*] dollars ($[*]) commencing at least [*] prior to any period during which such Party (or its Sublicensees) is co-promoting or selling any Licensed Products.

(iii) Each Party shall maintain (i) workers' compensation insurance according to applicable law and (ii) employers' liability insurance, in the minimum amount of [*] dollars ($[*]). Each Party agrees to waive its right of subrogation with respect to any workers' compensation claim.

(b) Additional Requirements. Except to the extent that a Party self-insures, the following provisions shall apply:

(i) All insurance coverage shall be primary insurance with respect to each Party's own participation under this Agreement and shall be maintained with an insurance company or companies having an A.M. Best's rating (or its equivalent) of A-XII.

(ii) Each Party shall name the other Party as an additional insured under its CGL and Products Liability insurance policies.

(iii) Each Party's aggregate deductibles under its CGL and Products Liability and insurance policies shall be reasonably satisfactory to the other Party.

(iv) On request, each Party shall provide to the other Party certificates of insurance evidencing the insurance coverage required under this Section 12.6. Each Party shall provide to the other Party at least [*] prior written notice of any cancellation, nonrenewal or material change in any of the required insurance coverages.

(c) The insurance coverage required pursuant to this Section 12.6 shall not be construed to create a limit of either Party's liability with respect to its indemnification obligations under this Article 12.

ARTICLE 13
DISPUTE RESOLUTION

13.1 Internal Resolution. The Parties recognize that a Dispute may from time to time arise during the Term. Unless otherwise expressly provided in this Agreement, such Disputes between NewLink and Genentech will be resolved as set forth in this Article 13. In the event of the occurrence of such a Dispute, the Parties shall first refer such Dispute to their respective Alliance Managers for attempted resolution by good faith negotiations within [*] after such referral. If such Dispute is not resolved within such [*] period, either NewLink or Genentech may refer such Dispute to the Executive Officers for resolution, prior to proceeding under the other provisions of this Article 13. A Dispute shall be referred to such Executive Officers upon one Party providing the other Party with notice that such Dispute exists, and such Executive Officers (or their authorized designees) shall attempt to resolve such Dispute through good faith discussions. In the event that such Dispute is not resolved within [*] of such other Party's receipt of such notice, subject to Section 13.3, either Party may initiate the Dispute resolution provisions in Section 13.2. The Parties agree that any discussions between such Executive Officers (or their authorized designees) regarding such Dispute do not constitute settlement discussions, unless the Parties agree otherwise in writing.

13.2 Arbitration.

(a) Rules. Except as otherwise expressly provided in this Agreement (including under Section 13.3, the Parties agree that any Dispute not resolved internally by the Parties pursuant to Section 13.1 shall be resolved through binding arbitration conducted by the American Arbitration Association in accordance with the then prevailing Commercial Arbitration Rules of the American Arbitration Association (for purposes of Article 13, the "**Rules**"), except as modified in this Agreement, applying the substantive law specified in Section 14.8.

(b) Arbitrators; Location. Each Party shall select one (1) arbitrator, and the two (2) arbitrators so selected shall choose a third arbitrator. All three (3) arbitrators shall serve as neutrals and have at least ten (10) years of (i) dispute resolution experience (which may include judicial experience) or (ii) legal or business experience in the biotech or pharmaceutical industry.

In any event, at least one (1) arbitrator shall satisfy the foregoing experience requirement under clause (ii). If a Party fails to nominate its arbitrator, or if the Parties' arbitrators cannot agree on the third arbitrator, the necessary appointments shall be made in accordance with the Rules. Once appointed by a Party, such Party shall have no *ex parte* communication with its appointed arbitrator. The arbitration proceedings shall be conducted in [*].

(c) Procedures; Awards. Each Party agrees to use reasonable efforts to make all of its current employees available, if reasonably needed, and agrees that the arbitrators may deem any party as "necessary." The arbitrators shall be instructed and required to render a written, binding, non-appealable resolution and award on each issue that clearly states the basis upon which such resolution and award is made. The written resolution and award shall be delivered to the Parties as expeditiously as possible, but in no event more than [*] after conclusion of the hearing, unless otherwise agreed by the Parties. Judgment upon such award may be entered in any competent court or application may be made to any competent court for judicial acceptance of such an award and order for enforcement. Each Party agrees that, notwithstanding any provision of applicable law or of this Agreement, it will not request, and the arbitrators shall have no authority to award, punitive or exemplary damages against any Party.

(d) Costs. The "prevailing" Party, as determined by the arbitrators, shall be entitled to (i) its share of fees and expenses of the arbitrators and (ii) its attorneys' fees and associated costs and expenses. In determining which Party "prevailed," the arbitrators shall consider (i) the significance, including the financial impact, of the claims prevailed upon and (ii) the scope of claims prevailed upon, in comparison to the total scope of the claims at issue. If the arbitrators determine that, given the scope of the arbitration, neither Party "prevailed," the arbitrators shall order that the Parties (i) share equally the fees and expenses of the arbitrators and (ii) bear their own attorneys' fees and associated costs and expenses.

(e) Interim Equitable Relief. Notwithstanding anything to the contrary in Section 13.2, in the event that a Party reasonably requires relief on a more expedited basis than would be possible pursuant to the procedure set forth in Article 13, such Party may seek a temporary injunction or other interim equitable relief in a court of competent jurisdiction pending the opportunity of the arbitrators to review the decision under Section 13.2. Such court shall have no jurisdiction or ability to resolve Disputes beyond the specific issue of temporary injunction or other interim equitable relief.

(f) Protective Orders; Arbitrability. At the request of either Party, the arbitrators shall enter an appropriate protective order to maintain the confidentiality of information produced or exchanged in the course of the arbitration proceedings. The arbitrators shall have the power to decide all questions of arbitrability.

13.3 Subject Matter Exclusions. Notwithstanding the provisions of Section 13.2, any Dispute not resolved internally by the Parties pursuant to Section 13.1 that involves the validity, infringement or enforceability of a Patent included in a license granted in this Agreement (a) that is issued in the United States shall be subject to actions before the United States Patent and Trademark Office and/or submitted exclusively to the federal court located in the jurisdiction of the district where any of the defendants reside; and (b) that is issued in any other country (or region) shall be

brought before an appropriate regulatory or administrative body or court in that country (or region), and the Parties hereby consent to the jurisdiction and venue of such courts and bodies

ARTICLE 14
GENERAL PROVISIONS

14.1 Force Majeure. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, potentially including embargoes, war, acts of war (whether war be declared or not), acts of terrorism, insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, earthquakes or other acts of God, or acts, generally applicable action or inaction by any governmental authority (but excluding any government action or inaction that is specific to such Party, its Affiliates or sublicensees, such as revocation or non-renewal of such Party's license to conduct business), or omissions or delays in acting by the other Party. The affected Party shall notify the other Party in writing of such force majeure circumstances as soon as reasonably practical, and shall promptly undertake and continue diligently all reasonable efforts necessary to cure such force majeure circumstances or to perform its obligations in spite of the ongoing circumstances.

14.2 Rights in Bankruptcy. All rights and licenses granted pursuant to this Agreement are, for purposes of Section 365(n) of Title 11 of the United States Code or any foreign equivalents thereof (as used in this Section 14.2, "**Title 11**"), licenses of rights to "intellectual property" as defined in Title 11. Each Party in its capacity as a licensor hereunder agrees that, in the event of the commencement of bankruptcy proceedings by or against such bankrupt Party under Title 11, (a) the other Party, in its capacity as a licensee of rights under this Agreement, shall retain and may fully exercise all of such licensed rights under this Agreement (including as provided in this Section 14.2) and all of its rights and elections under Title 11 and (b) the other Party shall be entitled to a complete duplicate of all embodiments of such intellectual property, and such embodiments, if not already in its possession, shall be promptly delivered to the other Party (i) upon any such commencement of a bankruptcy proceeding, unless the bankrupt Party elects to continue to perform all of its obligations under this Agreement, or (ii) if not delivered under (i), immediately upon the rejection of this Agreement by or on behalf of the bankrupt Party and (c) all payments under Article 7 will be deemed royalties under Title 11.

14.3 Assignment. This Agreement may not be assigned or otherwise transferred, nor may any right or obligation hereunder be assigned or transferred, by either Party without the prior written consent of the other Party. Notwithstanding the foregoing, either Party may, without consent of the other Party, assign this Agreement and its rights and obligations hereunder in whole or in part to an Affiliate of such Party, or in whole to its successor-in-interest in connection with the sale of all or substantially all of its stock or its assets to which this Agreement relates, or in connection with a merger, acquisition or similar transaction. Any attempted assignment not in accordance with this Section 14.3 shall be null and void and of no legal effect. Any permitted assignee shall assume all assigned obligations of its assignor under this Agreement. The terms and conditions of this

Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respected successors and permitted assigns.

14.4 Change of Control of NewLink or NewLink Parent. NewLink shall notify Genentech in writing promptly of the closing of any Change of Control of NGC or of NLNK (such notice, a "**Change of Control Notice**"). At Genentech's election, during the [*] period after Genentech receives a Change of Control Notice, Genentech may, by written notice to NewLink [*], provided that [*]. If Genentech [*], then [*], shall be [*], subject to [*], and any [*], shall [*].

14.5 [*]. NewLink shall notify Genentech in writing [*]. At Genentech's election, [*], Genentech may, [*]. If Genentech so [*], then [*], and [*].

14.6 Severability. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

14.7 Notices. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to NewLink:

NewLink Global
c/o NewLink Genetics Corporation
2503 South Loop Drive
Suite 5100
Ames, Iowa 50010
Attn: Chief Financial Officer
Fax: [*]

with copies to (which shall not constitute notice):

NewLink Genetics Corporation
2503 South Loop Drive
Suite 5100
Ames, Iowa 50010
Attn: Chief Executive Officer
Fax: [*]

Cooley LLP
3175 Hanover Street

Palo Alto, CA 94304
Attn: Marya A. Postner, Ph.D.
Fax: [*]

If to Genentech:

Genentech, Inc.
1 DNA Way
South San Francisco, CA 94080
Attn: Corporate Secretary
Fax: [*]

with a copy to (which shall not constitute notice):

Genentech, Inc.
1 DNA Way
South San Francisco, CA 94080
Attn: VP, Alliance Management
Fax: [*]

If to Roche:

F. Hoffmann-La Roche Ltd
c/o Genentech, Inc.
1 DNA Way
South San Francisco, CA 94080
Attn: Global Head, Alliance Management and Operations
Fax: [*]

with a copy to (which shall not constitute notice):

F. Hoffmann-La Roche Ltd
Grenzacherstrasse 124
CH-4070 Basel, Switzerland
Attention: Corporate Law
Fax: [*]

or to such other address(es) as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given: (a) when delivered if personally delivered or sent by facsimile on a Business Day (or if delivered or sent on a non-Business Day, then on the next Business Day); (b) on the Business Day after dispatch if sent by nationally-recognized overnight courier; or (c) on the [*] following the date of mailing, if sent by mail.

14.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York and the patent laws of the United States without reference to any rules of conflict of laws (other than Section 5-1401 of the New York General Obligations Law which shall apply). The Parties hereby exclude from this Agreement the application of the United Nations Convention on Contracts for the International Sale of Goods.

14.9 Entire Agreement; Amendments. This Agreement, together with the Exhibits hereto, contains the entire understanding of the Parties with respect to the collaboration and the licenses granted hereunder. Any other express or implied agreements and understandings, negotiations, writings and commitments, either oral or written, in respect to the collaboration and the licenses granted hereunder are superseded by the terms of this Agreement. The Exhibits to this Agreement are incorporated herein by reference and shall be deemed a part of this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representative(s) of both Parties hereto. The Parties agree that, effective as of the Execution Date, that certain Non-Disclosure Agreement between GNE and NLNK dated as of [*] ("**Confidentiality Agreement**") shall be superseded by this Agreement, and that disclosures made prior to the Execution Date pursuant to the Confidentiality Agreement shall be subject to the confidentiality and non-use provisions of this Agreement. The foregoing shall not be interpreted as a waiver of any remedies available to either Party or its Affiliates as a result of any breach, prior to the Execution Date, by the other Party or its Affiliates of such Party's or its Affiliate's obligations pursuant to the Confidentiality Agreement.

14.10 Headings. The captions to the several Articles, Sections and subsections hereof are not a part of this Agreement, but are merely for convenience to assist in locating and reading the several Articles and Sections hereof.

14.11 Independent Contractors. NewLink and Genentech are independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. Neither NewLink nor Genentech shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

14.12 Waiver. The waiver by either Party hereto of any right hereunder, or of any failure of the other Party to perform, or of any breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach by or failure of such other Party whether of a similar nature or otherwise.

14.13 Cumulative Remedies. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under Law.

14.14 Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, no ambiguity in this Agreement shall be strictly construed against either Party.

14.15 Business Day Requirements. In the event that any notice or other action or omission is required to be taken by a Party under this Agreement on a day that is not a Business Day then such notice or other action or omission shall be deemed to be required to be taken on the next occurring Business Day.

14.16 Translations. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement, and any dispute proceeding related to or arising hereunder, shall be in the English language. If there is a discrepancy between any translation of this Agreement and this Agreement, this Agreement shall prevail.

14.17 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as necessary or appropriate in order to carry out the purposes and intent of this Agreement.

14.18 Counterparts. This Agreement may be executed in two or more counterparts by original signature, facsimile or PDF files, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.19 HSR Act.

(a) Each of Genentech and NewLink shall, within [*] after Execution Date, file with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice, any HSR Filing required of it under the HSR Act with respect to the subject matter of this Agreement, which forms shall specifically request early termination of the initial HSR Act waiting period. The Parties will cooperate with one another to the extent necessary in the preparation of any such HSR Filing. The Parties hereto commit to instruct their respective counsel to cooperate with each other and use good faith, diligent efforts to facilitate and expedite the identification and resolution of any such issues and, consequently, the expiration of the applicable HSR Act waiting period, such good faith diligent efforts to include counsel's undertaking: (i) to keep each other appropriately informed of communications received from and submitted to personnel of the reviewing antitrust authority; and (ii) to confer with each other regarding appropriate contacts with and response to personnel of the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice. Each Party will be responsible for its own costs, expenses, and filing fees associated with any HSR Filing. In respect of any HSR Filing, each of Genentech and NewLink will use its good faith, diligent efforts to eliminate any concern on the part of any court or governmental authority regarding the legality of the proposed transaction, including cooperating in good faith with any government investigation and the prompt production of documents, information, and witnesses requested in the course of such of any such investigation, including those contained in a Request for Additional Information and Documentary Materials (as that term is defined in the HSR Act), and to cause the Effective Date of this Agreement to occur as soon as practical, as provided in Section 14.19(b). Nothing in this Section shall require either Party to consent to the divestiture or other disposition of any of its or its Affiliates' assets or to consent to any other structural or conduct remedy, and each Party and its Affiliates shall have no obligation to contest, administratively or in court, any ruling, order or other action of the United

States Federal Trade Commission and the Antitrust Division of the United States Department of Justice or any Third Party respecting the transactions contemplated by this Agreement.

(b) Except for the specific provisions expressly identified in Section 14.19(c), this Agreement shall not be effective until such time as the HSR Conditions are met. Immediately at the time when all the HSR Conditions are met, this Agreement shall be effective automatically in its entirety (such date the "**Effective Date**").

(c) Notwithstanding Section 14.19(b) and anything in this Agreement to the contrary, the following provisions of this Agreement shall be in full force and effect as of the Execution Date: Sections 14.6, 14.7, 14.8 and 14.18 and Article 1 (Definitions) and Article 9 (Confidentiality; Publication).

(d) In the event that the Effective Date has not occurred within [*] following the Execution Date, or such date as the Parties may mutually agree, this Agreement may be terminated by either Party on written notice to the other.

<REMAINDER OF PAGE INTENTIONALLY LEFT BLANK>

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, each of NewLink Genetics Corporation, NewLink Global, Genentech, Inc. and F. Hoffmann-La Roche Ltd, intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Execution Date.

NewLink Genetics Corporation

By: /s/ Chuck Link

Name: Chuck Link, M.D.

Title: CEO

NewLink Global

By: /s/ Chuck Link

Name: Chuck Link, M.D.

Title: CEO

Genentech, Inc.

By: /s/ Steve Krognes

Name: Steve Krognes

Title: CFO

F. Hoffmann-La Roche Ltd

By: /s/ Stefan Arnold

Name: Stefan Arnold

Title: Head Legal Pharma

and

By: /s/ F. Bachler

Name: Dr. Franziska Bachler

Title: Legal Counsel

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

Exhibit 10.1

LIST OF EXHIBITS

Exhibit A: Indoximod Compound Structure

Exhibit B: Draft of Initial Research Plan

Exhibit C: Initial Development Plan

Exhibit D: Term Sheet for Co-Promotion Agreement

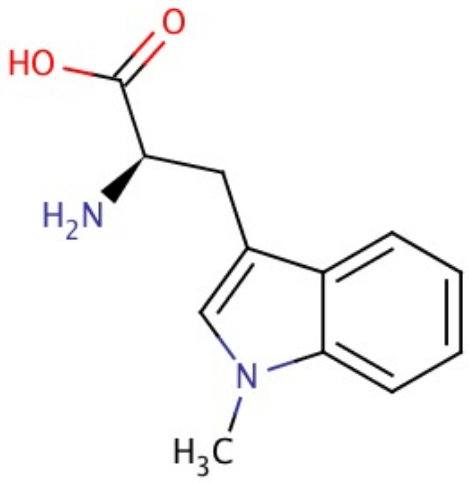
[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT A

INDOXIMOD COMPOUND STRUCTURE

Formula of Indoximod

1-methyl-D-tryptophan



[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT B

DRAFT OF INITIAL RESEARCH PLAN AS OF THE EFFECTIVE DATE

The initial Research Plan attached hereto is a draft and the Parties will discuss and finalize the initial Research Plan within [*] after the Effective Date.

[*]

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT C

Initial Development Plan

[*]

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT D

TERM SHEET FOR CO-PROMOTION AGREEMENT

This Exhibit sets forth material terms and conditions that, together with the terms of Section 6.4 of the Agreement, shall be incorporated into a Co-Promotion Agreement to be negotiated and entered into by the Parties for the Licensed Product and Indication for which NewLink exercises its option to Co-Promote in accordance with Section 6.4 of the Agreement (such Licensed Product and Indication, the "**Co-Promotion Product**").

1. **Sales Force**

   i. **Establishment**. [*].

   ii. **Qualifications**. [*].

   iii. **Product-Specific Training**. [*].

2. **Commercialization Activities**. [*].

3. **Sales Activity Tracking**. [*].

4. **Promotional Materials and Standards**. [*].

5. **Sales Information Integration**. [*].

6. **Genentech Commercialization Responsibilities**. [*]

7. **Miscellaneous**. The Co-Promotion Agreement shall contain other customary and appropriate provisions, to the extent not already set forth in this Agreement.

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Amendment to Development and Manufacturing Terms and Conditions

This **Amendment to Development and Manufacturing Terms and Conditions** (this "***Amendment***") is made and entered into as of September 30, 2014 by and among **NewLink Genetics Corporation**, a Delaware corporation ("***Customer***"), and WuXi AppTec, Inc., a Delaware corporation ("***WuXi AppTec***," and collectively with the Customer, the "***Parties***").

Background

A. The parties hereto entered into that certain Development and Manufacturing Terms and Conditions, dated as of June 19, 2014 (the "***Agreement***").

B. The parties desire to amend the Agreement to update certain provisions regarding the incorporation of Work Orders (as defined in the Agreement) into the Agreement.

Amendment

For and in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Amendment hereby agree as follows:

1. **Amendment.** The second sentence of Section 1 of the Agreement is hereby amended and restated in its entirety to read as follows:

> "Upon mutual agreement and execution of a Work Order by both Parties, the terms and conditions of this Agreement shall be incorporated into such Work Order (regardless of whether such Work Order contains language effecting such incorporation)."

2. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws in the State of New York, without regard to its choice of law provisions.

3. **Counterparts.** This Amendment may be executed by facsimile or electronic signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4. **Severability.** If any one or more of the provisions of this Amendment shall for any reason be held to be illegal or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Amendment or the validity or enforceability of such provision. The unenforceable provision shall be treated as severable and the remaining provisions shall nevertheless continue in full force and effect, giving maximum effect to the intent of the Parties in entering this Amendment.

5. **Continued Effectiveness of the Agreement.** Other than as set forth in this Amendment, all of the terms and conditions of the Agreement shall continue in full force and effect.

[Signature Pages Follow]

In Witness Whereof, the parties hereto have executed this **Amendment to Development and Manufacturing Terms and Conditions** as of the date set forth in the first paragraph hereof.

NewLink Genetics Corporation

By: /s/ Nicholas Vahanian

Nicholas Vahanian, M.D.

President and Chief Medical Officer

WuXi AppTec, Inc.

By: /s/ W. Alan Moore

W. Alan Moore

Vice President, Strategic Accounts & Cell Manufacturing

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

LICENSE AGREEMENT AMENDMENT

The following is an amendment to Exhibit A of the License Agreement between Medical College of Georgia and NewLink Genetics previously executed on September 13th, 2005. The purpose of this amendment is to explicitly list patent applications filed previously to the execution of this Agreement as continuations of [*], and which were unintentionally omitted in the original Exhibit A. These missing patent applications are: [*] and [*] and [*].

The present amendment should be considered part of the original License Agreement and is hereto agreed by representatives of both parties signing below.

MEDICAL COLLEGE OF GEORGIA LICENSEE:

RESEARCH INSTITUTE, INC. NEWLINK GENETICS CORP.

By: /s/ Betty Aldridge By: /s/ Nicholas Vahanian

Name: Betty Aldridge Name: Nicholas Vahanian
Executive Director
MCG Research Institute

Title: Title: Chief Medical & Operations Officer

Date: 3/28/06 Date: 3/28/06

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

EXHIBIT A

LICENSED PATENTS

[*]

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

AMENDMENT TO LICENSE AGREEMENT

This Amendment to License Agreement ("**Amendment**") is effective as of July 10, 2014 (the "**Amendment Effective Date**"), by and between Georgia Regents Research Institute, Inc. (formerly known as Georgia Health Sciences University Research Institute, Inc. which was formerly known as Medical College of Georgia Research Institute, Inc.) ("**GRRI**") and NewLink Genetics Corporation ("**NewLink**"). GRRI and NewLink are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

WHEREAS, GRRI and NewLink are parties to that certain License Agreement dated as of September 13, 2005, and amended on March 28, 2006, April 27, 2006, February 13, 2007 and July 12, 2013 (the "**Agreement**"); and

WHEREAS, the Parties desire to amend the Agreement in accordance with Section 14.8 thereof;

NOW THEREFORE, in consideration of the premises and mutual covenants contained in this Amendment, the Parties agree as follows:

1. All references in the Agreement to MCGRI or GHSURI are hereby deemed references to GRRI.
2. Each reference to "Licensee" in Section 1.12 (the definition of "Net Selling Price") that is not part of the phrase "Licensee or its Affiliate" is hereby deleted and replaced with "Licensee or its Affiliate".
3. The second and third sentences of Section 2.5 are hereby deleted and replaced with the following:

   LICENSEE acknowledges that, in accordance with Public Law 96-517 and other statutes, regulations, and Executive Orders as now exist or may be amended or enacted, the United States government may have certain rights in the Licensed Patents and Licensed Technology. LICENSEE shall take all action necessary to enable GRRI to satisfy its obligations, if any, under any federal law relating to the Licensed Patents or Licensed Technology.

4. The following language shall be inserted as a new Section 2.7:

   2.7 Transfer of Intellectual Property Rights Between Affiliates. LICENSEE and each Affiliate of LICENSEE may transfer all or part of its right and license under the Licensed Patents and Licensed Technology pursuant to Section 2.1 to, as applicable, LICENSEE or another Affiliate of LICENSEE. For clarity, this Section 2.7 authorizes LICENSEE and its Affiliates to enter into agreements necessary to, as between LICENSEE and its Affiliates, consolidate the rights licensed to

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LICENSEE and its Affiliates (collectively, pursuant to Section 2.1 of this Agreement) solely in LICENSEE or a single Affiliate of LICENSEE. LICENSEE or an Affiliate shall provide to GRRI a copy of any such agreement or other document reflecting a transfer under this provision and any amendment thereto, including all attachments, exhibits, and/or addendums, within 30 days of execution; provided, however, such copies to GRRI may be redacted to exclude confidential information of the applicable Affiliate or of LICENSEE to the extent not relevant to GRRI, but such copies shall not be redacted to the extent that it impairs GRRI's ability to ensure compliance with this Agreement.

5. The first sentence of Section 4.2 is hereby deleted and replaced with the following:

LICENSEE shall pay GRRI [*] of any fees or payments or remuneration paid to LICENSEE or an Affiliate of LICENSEE by a Sublicensee in relation to this License and for rights to all or part of the Licensed Patents other than: research funding (including purchase price of Licensed Products to be used by Sublicensee in connection with research and development activities), equity, loans, or patent costs or fee reimbursements.

6. Section 4.3 is hereby deleted and replaced with the following:

As partial consideration for the license granted to LICENSEE under this Agreement, LICENSEE shall pay GRRI the following royalties based on the Net Selling Price of the applicable Licensed Products sold by LICENSEE or an Affiliate of LICENSEE:

[*]
[*]
[*]

Notwithstanding the foregoing, if LICENSEE or an Affiliate of LICENSEE is required to pay a royalty under a patent license from any third party in order to sell a Licensed Product, then LICENSEE may reduce the royalty otherwise payable to GRRI on the Net Selling Price of such Licensed Product by [*] of the royalty amounts paid to such third party; provided, however, that in no event will the royalty payable to GRRI hereunder with respect to such Licensed Product [*]. Royalties shall be payable on a Licensed Product-by-Licensed Product and country-by-country basis from first commercial sale of a Licensed Product in a country until the expiration of the last to expire valid claim of the Licensed Patents claiming the manufacture, use or sale of such Licensed Product in such country.

7. Section 2.2 is hereby deleted and replaced with the following:

2.2 Sublicensing. Licensee and its Affiliates may sublicense to one or more third parties the rights granted under this Agreement, subject to the prior approval of GRRI, not to be unreasonably withheld or delayed. If this Agreement is terminated

for any reason, any sublicenses granted shall remain in full force and effect and be directly enforceable by GRRI. Licensee or an Affiliate shall provide to GRRI a copy of any such sublicense and any amendment thereto, including all attachments, exhibits, and/or addendums, within 30 days of execution; provided, however, such copies to GRRI may be redacted to exclude confidential information of the applicable Sublicensee or of LICENSEE to the extent not relevant to GRRI, but such copies shall not be redacted to the extent that it impairs GRRI's ability to ensure compliance with this Agreement.

8. The first sentence of Section 9.2 shall be deleted and replaced with the following language:
The following shall be treated as confidential information of Licensee and shall not be disclosed to any third party without the prior written consent of Licensee: (i) all reports provided to GRRI pursuant to this Agreement and (ii) all documents provided to GRRI pursuant to Section 2.2 and Section 2.7 of this Agreement.

9. Except as expressly amended hereby, the terms and conditions of the Agreement shall remain unchanged and in full force and effect. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall govern. The amendments made herein shall be effective as of the Amendment Effective Date. Capitalized terms used in this Amendment that are not otherwise defined herein shall have the same meanings as such terms are given in the Agreement. For clarity, any cross-references to Agreement Sections refer to those Agreement Sections as amended by this Amendment. This Amendment may be executed in counterparts, each of which shall be deemed an original but all of which shall be considered one and the same instrument.

[Signature Page Follows]

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, the Parties have executed this Amendment by their duly authorized officers as of the date set forth above.

Georgia Regents Research Institute, Inc.	NewLink Genetics Corporation
By: /s/ Sarah J. White	By: /s/ Gordon Link
Name: Sarah J. White	Name: Gordon Link
Title: Executive Director	Title: CFO

Georgia Regents Research Institute, Inc.
7/10/2014

Public Health Agency of Canada | Agence de la santé publique du Canada

Office of the Chief Science Officer
130 Colonnade - Floor: 2 - Room: 216A
130 Colonnade Road
Mail Stop: 6502A
Ottawa, Ontario K1A OK9 Canada

July 31, 2014

Dr. Nick Vahanian
BioProtection Systems Corporation,
Iowa State University Research Park
2901 South Loop Drive, Suite 3360
Ames, Iowa, 50010 USA

Dear Dr. Vahanian,

Re: Amendment to the Sole License Agreement between Her Majesty the Queen in Right of Canada as Represented by the Minister of Health and BioProtection Systems Corporation, executed on May 4, 2010.

Canada and BioProtection Systems Corporation (BPSC) have executed a License Agreement dated May 04, 2010, under which Canada granted a license to BPS to commercialize the technology developed by Canada known as the recombinant vesicular stomatitis virus vaccine for viral hemorrhagic fevers (rVSV). For greater clarity, the Parties hereby agree to amend the License Agreement to define the scope of the "Licensed Rights" as follows:

1. Under Section 1.13 "Licensed Rights", subsection 1.13.3 will be added to read as follows: 1.13.3 **Confidential Information** respecting the manufacturing processes for products resulting from the exercise of other **Licensed Rights**, including **Patents and Improvements**, either owned by or licensed to Canada, and as further described in Appendix A (Description of the **Licensed Rights**).

All other terms and conditions of the License Agreement will remain unchanged and in full force and effect and shall continue for the duration of the License Agreement. This letter, upon the date of last signature by both parties, shall form part of the License Agreement and the two documents shall be read together.

If the foregoing amendment is satisfactory, please countersign this letter on behalf of BPSC in the space provided, and return one copy of the signed letter to Dr. Dorothea Blandford, Public Health Agency of Canada, 1015 Arlington Street, Winnipeg, MB R3E 3R2.

Sincerely,

/s/ Rainer Engelhardt
Rainer Engelhardt, PhD
Chief Science Officer
Public Health Agency of Canada

Acknowledged and agreed to on behalf of BioProtection Systems Corporation

/s/ Nicholas N. Vahanian 7/31/2014
Nick Vahanian, MD Date
Chief Medical Officer, BPSC

EXHIBIT 31.1

CERTIFICATION

I, Charles J. Link, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of NewLink Genetics Corporation;

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

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

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

Date: November 10, 2014

By: /s/ Charles J. Link, Jr.
Charles J. Link, Jr.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, John B. Henneman III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NewLink Genetics Corporation;

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

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

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

Date: November 10, 2014

By: /s/ John B Henneman III

John B. Henneman III

Chief Financial Officer and Secretary

(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION

Pursuant to the requirements set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), Charles J. Link, Jr., Chief Executive Officer of NewLink Genetics Corporation (the "Company"), and Gordon H. Link, Jr., Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2014, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

Dated: November 10, 2014

By: /s/ Charles J. Link, Jr.
Charles J. Link, Jr.
Chief Executive Officer
(Principal Executive Officer)

By: /s/ John B. Henneman III
John B. Henneman III
Chief Financial Officer and Secretary
(Principal Financial Officer)

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its Staff upon request. This certification "accompanies" the
Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.