

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

OR

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: 001-35867

CHIMERIX, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

33-0903395

(I.R.S. Employer Identification No.)

2505 Meridian Parkway, Suite 340

Durham, North Carolina

(Address of Principal Executive Offices)

27713

(Zip Code)

(919) 806-1074

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of April 27, 2015, the number of outstanding shares of the registrant's common stock, par value \$0.001 per share, was 41,316,704.

CHIMERIX, INC.

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2015

INDEX

	Page
<u>Part I — Financial Information</u>	
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014 (unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Operations and Comprehensive Loss for the Three Months Ended March 31, 2015 and 2014 (unaudited)</u>	<u>4</u>
<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 (unaudited)</u>	<u>5</u>
<u>Notes to the Consolidated Financial Statements (unaudited)</u>	<u>6</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>15</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>23</u>
<u>Item 4. Controls and Procedures</u>	<u>23</u>
<u>Part II — Other Information</u>	
<u>Item 1. Legal Proceedings</u>	<u>24</u>
<u>Item 1A. Risk Factors</u>	<u>24</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>49</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>49</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>49</u>
<u>Item 5. Other Information</u>	<u>49</u>
<u>Item 6. Exhibits</u>	<u>50</u>
<u>Signatures</u>	<u>52</u>

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CHIMERIX, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 55,605	\$ 128,462
Short-term investments, available-for-sale	118,898	106,114
Accounts receivable	977	106
Prepaid expenses and other current assets	1,780	2,775
Total current assets	177,260	237,457
Long-term investments	95,239	52,973
Property and equipment, net of accumulated depreciation	1,329	1,310
Other long-term assets	297	138
Total assets	<u>\$ 274,125</u>	<u>\$ 291,878</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 6,920	\$ 5,938
Accrued liabilities	6,630	6,833
Loan payable, net	2,892	4,296
Total current liabilities	16,442	17,067
Long-term liabilities	161	175
Total liabilities	16,603	17,242
Commitments and contingencies		
	—	—
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized at March 31, 2015 and December 31, 2014; no shares issued and outstanding as of March 31, 2015 and December 31, 2014	—	—
Common stock, \$0.001 par value, 200,000,000 shares authorized at March 31, 2015 and December 31, 2014; 41,310,063 and 41,031,770 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	41	41
Additional paid-in capital	501,130	496,602
Accumulated other comprehensive gain, net	659	35
Accumulated deficit	(244,308)	(222,042)
Total stockholders' equity	257,522	274,636
Total liabilities and stockholders' equity	<u>\$ 274,125</u>	<u>\$ 291,878</u>

See accompanying notes to financial statements.

CHIMERIX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Contract revenue	\$ 1,238	\$ 780
Total revenues	1,238	780
Operating expenses:		
Research and development	17,444	8,292
General and administrative	6,123	2,672
Loss from operations	(22,329)	(10,184)
Other income (expense):		
Interest income (expense), net	63	(196)
Net loss	(22,266)	(10,380)
Other comprehensive loss:		
Unrealized gain (loss) on investments, net	625	(32)
Comprehensive loss	\$ (21,641)	\$ (10,412)
Per share information:		
Net loss per common share, basic and diluted	\$ (0.54)	\$ (0.39)
Weighted-average shares outstanding, basic and diluted	41,220,989	26,762,264

See accompanying notes to financial statements.

CHIMERIX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$ (22,266)	\$ (10,380)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	114	50
Amortization of debt costs	26	42
Amortization of premium/discount on investments	425	108
Share-based compensation	2,402	772
Amortization of deferred lease obligation	(12)	3
Changes in operating assets and liabilities:		
Accounts receivable	(871)	159
Prepaid expenses and other assets	832	1,064
Accounts payable and accrued liabilities	511	(934)
Net cash used in operating activities	<u>(18,839)</u>	<u>(9,116)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(133)	(99)
Purchase of short-term investments	(26,709)	(62,640)
Purchase of long-term investments	(65,232)	—
Sales of short-term investments	1,003	—
Maturities of short-term investments	36,352	—
Net cash used in investing activities	<u>(54,719)</u>	<u>(62,739)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	665	496
Proceeds from employee stock purchase plan stock purchases	461	229
Proceeds from exercise of warrants	1,000	—
Repayment of debt	(1,425)	(1,425)
Net cash provided by (used in) financing activities	<u>701</u>	<u>(700)</u>
Net decrease in cash and cash equivalents	<u>(72,857)</u>	<u>(72,555)</u>
Cash and cash equivalents:		
Beginning of period	128,462	109,976
End of period	<u>\$ 55,605</u>	<u>\$ 37,421</u>
Supplemental disclosure cash flow information:		
Cash paid for interest	<u>\$ 70</u>	<u>\$ 198</u>

See accompanying notes to financial statements.

CHIMERIX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1. The Business and Summary of Significant Accounting Policies

Description of Business

Chimerix, Inc. (the Company) is a biopharmaceutical company dedicated to discovering, developing and commercializing novel, oral antivirals to address unmet medical needs. The Company was founded in 2000 based on the promise of its proprietary lipid conjugate technology to unlock the potential of some of the most potent broad-spectrum antivirals by enhancing their antiviral activity and safety profiles in convenient, orally administered dosing regimens. Based on the Company's proprietary lipid conjugate technology, its lead compound, brincidofovir (BCV or CMX001), is in Phase 3 clinical development; in addition, the Company has an active discovery program focusing on viral targets for which limited or no therapies are currently available or where current therapies have significant liabilities.

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiary and have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Company's audited financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2014. In the opinion of the Company's management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of its financial position, operating results and cash flows for the periods presented have been included. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the full year, for any other interim period or for any future year.

Fair Value of Financial Instruments

The carrying amounts of certain financial instruments, including accounts receivable, accounts payable and accrued expenses approximate their fair values due to the short-term nature of such instruments. The carrying amount of borrowings under loans payable approximates its fair value based on the determination that the stated rate on such loans payable is consistent with current interest rates for similar borrowing arrangements available to the Company.

For assets and liabilities recorded at fair value, it is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data are based primarily upon estimates and are often calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, fair value measurements cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the calculated current or future fair values. The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. These levels are:

- *Level 1* — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- *Level 2* — Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and models for which all significant inputs are observable, either directly or indirectly.
- *Level 3* — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Company evaluates hierarchy disclosures and, based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Company expects that changes in classification between levels will be rare.

At March 31, 2015 and December 31, 2014, the Company had cash equivalents, consisting of money market accounts, and short-term and long-term investments consisting of U.S. Treasury securities, whose value is based on using quoted market prices. Accordingly, these securities are classified as Level 1.

At March 31, 2015 and December 31, 2014, the Company had cash equivalents, short-term investments and long-term investments comprised of corporate bonds, commercial paper and brokered certificates of deposit for which quoted prices are not available that are valued using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Accordingly, these securities are classified as Level 2.

The Company's preferred stock investment in ContraVir Pharmaceuticals (NASDAQ: CTRV) (ContraVir) is categorized as Level 3 as there are significant unobservable inputs. The valuation of the investment at March 31, 2015 and December 31, 2014 was calculated on an as if converted to common share basis with a discount for lack of marketability applied due to the 18 month restriction from the date of the investment on selling the converted common shares. An option pricing model was used to determine the discount for lack of marketability of 24% and 25% at March 31, 2015 and December 31, 2014, respectively. The key unobservable inputs used in the option pricing model at March 31, 2015 were (i) exercise price - \$3.08, (ii) dividend yield - 0%, (iii) expected holding period - 1.22 years, (iv) risk-free rate - 0.26%, and (v) volatility - 65%. The key unobservable inputs used in the option pricing model at December 31, 2014 were (i) exercise price - \$2.22, (ii) dividend yield - 0%, (iii) expected holding period - 1.5 years, (iv) risk-free rate - 0.44%, and (v) volatility - 65%. The increase in valuation of the preferred stock for the quarter ended March 31, 2015 was recorded as an unrealized gain in investment, net of tax in the Consolidated Statements of Operations and Comprehensive Loss.

There was no material re-measurement to fair value of financial assets and liabilities that are not measured at fair value on a recurring basis.

Below is a table that presents information about certain assets and liabilities measured at fair value on a recurring basis (in thousands):

Fair Value Measurements
March 31, 2015

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents				
Money market funds	\$ 41,867	\$ 41,867	\$ —	\$ —
Certificates of deposit	240	—	240	—
Commercial paper	9,997	—	9,997	—
Total cash equivalents	52,104	41,867	10,237	—
Short-term investments				
Certificates of deposit	18,434	—	18,434	—
Corporate bonds	41,109	\$ —	\$ 41,109	\$ —
Commercial paper	6,246	—	6,246	—
U.S. Treasury securities	53,109	53,109	—	—
Total short-term investments	118,898	53,109	65,789	—
Long-term investments				
Certificates of deposit	12,973	—	12,973	—
U.S. Treasury securities	79,758	79,758	—	—
Preferred stock of U.S. corporation	2,508	—	—	2,508
Total long-term investments	95,239	79,758	12,973	2,508
Total assets	\$ 266,241	\$ 174,734	\$ 88,999	\$ 2,508

Fair Value Measurements
December 31, 2014

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents				
Money market funds	\$ 125,606	\$ 125,606	\$ —	\$ —
Certificates of deposit	480	—	480	—
Total cash equivalents	126,086	125,606	480	—
Short-term investments				
Certificates of deposit	16,982	—	16,982	—
Corporate bonds	69,892	—	69,892	—
Commercial paper	11,240	—	11,240	—
U.S. Treasury securities	8,000	8,000	—	—
Total short-term investments	106,114	8,000	98,114	—
Long-term investments				
Certificates of deposit	10,996	—	10,996	—
U.S. Treasury securities	40,196	40,196	—	—
Preferred stock of U.S. corporation	1,781	—	—	1,781
Total long-term investments	52,973	40,196	10,996	1,781
Total assets	\$ 285,173	\$ 173,802	\$ 109,590	\$ 1,781

Below is a table that presents a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Fair Value Measurements (Level 3)	
Preferred stock of U.S. corporation:		
Fair value at December 31, 2014	\$	1,781
Fair value increase recorded in other comprehensive gain, net		727
Fair value at March 31, 2015	\$	2,508

Revenue Recognition

The Company's revenues generally consist of (i) contract and grant revenue – revenue generated under federal contracts and other awarded grants, and (ii) collaboration and licensing revenue – revenue related to non-refundable upfront fees, royalties and milestone payments earned under license agreements. Revenues are recognized when the following criteria are met: (1) persuasive evidence that an arrangement exists; (2) delivery of the products and/or services has occurred; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured.

For arrangements that involve the delivery of more than one element, each product, service and/or right to use assets is evaluated to determine whether it qualifies as a separate unit of accounting. This determination is based on whether the deliverable has “stand-alone value” to the customer. The consideration that is fixed or determinable is then allocated to each separate unit of accounting based on the relative selling prices of each deliverable. The consideration allocated to each unit of accounting is recognized as the related goods and services are delivered, limited to the consideration that is not contingent upon future deliverables. If the arrangement constitutes a single unit of accounting, the revenue recognition policy must be determined for the entire arrangement and the consideration received is recognized over the period of inception through the date the last deliverable within the single unit of accounting is expected to be delivered. Revisions to the estimated period of recognition are reflected in revenue prospectively.

Non-refundable upfront fees are recorded as deferred revenue and recognized into revenue as license fees from collaborations on a straight-line basis over the estimated period of the Company's substantive performance obligations. If the Company does not have substantive performance obligations, the Company recognizes non-refundable upfront fees into revenue through the date the deliverable is satisfied. Analyzing the arrangement to identify deliverables requires the use of judgment and each deliverable may be an obligation to deliver services, a right or license to use an asset, or another performance obligation.

Milestone payments are recognized when earned, provided that (i) the milestone event is substantive; (ii) there is no ongoing performance obligation related to the achievement of the milestone earned; and (iii) it would result in additional payments. Milestone payments are considered substantive if all of the following conditions are met: the milestone payment is non-refundable; achievement of the milestone was not reasonably assured at the inception of the arrangement; substantive effort is involved to achieve the milestone; the amount of the milestone appears reasonable in relation to the effort expended, the other milestones in the arrangement; and the related risk associated with the achievement of the milestone. Contingent based event payments the Company may receive under a license or collaboration agreement will be recognized when received.

Research and Development Prepaids and Accruals

As part of the process of preparing financial statements, the Company is required to estimate its expenses resulting from its obligation under contracts with vendors and consultants and clinical site agreements in connection with conducting clinical trials. The financial terms of these contracts are subject to negotiations which vary contract to contract and may result in payment flows that do not match the periods over which materials or services are provided to the Company under such contracts. The Company's objective is to reflect the appropriate clinical trial expenses in its financial statements by matching those expenses with the period in which services and efforts are expended. The Company accounts for these expenses according to the progress of the trial as measured by patient progression and the timing of various aspects of the trial. Depending on amounts paid to the contract research organization and other third-party vendors as compared to actual expenses incurred, there might be a prepaid balance recorded as a prepaid asset. The Company determines accrual estimates through discussion with applicable personnel and outside service providers as to the progress or state of completion of trials, or the services completed. During the course of a clinical trial, the Company adjusts its rate of clinical trial expense recognition if actual results differ from its estimates. The Company makes estimates of its accrued expenses as of each balance sheet date in its financial statements based on facts and circumstances known at that time. Although the Company does not expect its estimates to be materially different from amounts actually incurred, its

understanding of status and timing of services performed relative to the actual status and timing of services performed may vary and may result in the Company reporting amounts that are too high or too low for any particular period. Through March 31, 2015, there had been no material adjustments to the Company's prior period estimates of accrued expenses for clinical trials. The Company's clinical trial accrual is dependent upon the timely and accurate reporting of contract research organizations and other third-party vendors.

Basic and Diluted Net Loss Per Common Share

Basic net loss per share of common stock is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period, excluding the dilutive effects of warrants and options to purchase common stock and employee stock purchase plan rights. Diluted net loss per common share is computed by dividing net loss by the sum of the weighted-average number of shares of common stock outstanding during the period plus the potential dilutive effects of warrants and options to purchase common stock outstanding during the period calculated in accordance with the treasury stock method, but are excluded if their effect is anti-dilutive. Because the impact of these items is anti-dilutive during the periods of net loss, there was no difference between basic and diluted loss per share of common stock for the three months ended March 31, 2015 and 2014.

The calculation of weighted-average diluted shares outstanding excludes the dilutive effect of warrants and options to purchase common stock and employee stock purchase plan rights, as the impact of such items are anti-dilutive during periods of net loss. Potential common shares excluded from the calculations were 1,408,852 and 2,645,620 for the three months ended March 31, 2015 and 2014, respectively.

Impact of Recently Issued Accounting Standards

In June 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-12, "Compensation — Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period." The amendments in this update require that a performance target that affects vesting and that could be achieved after the requisite service period should be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. ASU 2014-12 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The adoption of this standard is not expected to have an impact on the Company's financial position or results of operations.

In May 2014, the FASB issued ASU No. 2014-09: Revenue from Contracts with Customers (Topic 606). The ASU establishes a principles-based approach for accounting for revenue arising from contracts with customers and supersedes existing revenue recognition guidance. The ASU provides that an entity should apply a five-step approach for recognizing revenue, including (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Also, the entity must provide various disclosures concerning the nature, amount and timing of revenue and cash flows arising from contracts with customers. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early application is not permitted. The Company is currently analyzing the impact of this new accounting guidance.

In April 2015, the FASB issued ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," which requires debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the associated debt liability, and amortization of those costs should be reported as interest expense. This ASU is effective for financial statements issued for annual and interim periods beginning after December 15, 2015, and early adoption is permitted for financial statements that have not been previously issued. The new guidance should be applied on a retrospective basis for each period presented in the balance sheet. The Company does not expect the adoption of ASU 2015-03 to have a material impact on its consolidated financial statements.

Note 2. Investments

The following table summarizes the Company's short-term and long-term investments:

March 31, 2015

	Gross		Gross		Estimated Fair Value
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	
	(in thousands)				
Corporate bonds	\$ 41,127	\$ —	\$ (18)	\$	41,109
Certificates of deposit	31,399	17	(10)		31,406
U.S. Treasury securities	132,897	17	(46)		132,868
Commercial paper	6,246	—	—		6,246
Preferred stock of U.S. corporation	1,545	963	—		2,508
Total investments	\$ 213,214	\$ 997	\$ (74)	\$	214,137

December 31, 2014

	Gross		Gross		Estimated Fair Value
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	
	(in thousands)				
Corporate bonds	\$ 69,947	\$ —	\$ (56)	\$	69,891
Certificates of deposit	28,039	1	(62)		27,978
U.S. Treasury securities	48,279	—	(82)		48,197
Commercial paper	11,242	—	(2)		11,240
Preferred stock of U.S. corporation	1,545	236	—		1,781
Total investments	\$ 159,052	\$ 237	\$ (202)	\$	159,087

The following table summarizes the scheduled maturity for the Company's investments at March 31, 2015 (in thousands):

	March 31, 2015
Maturing in one year or less	\$ 118,898
Maturing after one year through two years	95,239
Total investments	\$ 214,137

Note 3. Loan Payable

On January 27, 2012, the Company entered into a Loan and Security Agreement (LSA) with Silicon Valley Bank (SVB) and MidCap Financial SBIC, LP (MidCap) allowing for borrowings up to \$15.0 million, split between a first tranche of \$3.0 million borrowed at the time of the agreement, and a second tranche of up to \$12.0 million. The borrowings under the LSA are collateralized by a security interest in all of the Company's assets, excluding its intellectual property.

The first tranche has an interest-only period of twelve months followed by a 30 months principal and interest amortization period with interest being charged at 8.25% per year for the full period of the LSA. The second tranche has a 6 months interest-only period followed by a 32 months principal and interest amortization period with interest being charged at the same rate as the first tranche.

There are certain fees in accordance with the LSA which are being recorded as discounts or short-term liabilities depending on the nature of the fees and are being accreted through interest expense over the life of the loans.

Note 4. Commitments and Contingencies

Leases

The Company leases its facilities and certain office equipment under long-term non-cancelable operating leases that expire at various dates through 2018. Rent expense under non-cancelable operating leases and other month-to-month equipment rental agreements, including common area maintenance fees, totaled approximately \$0.2 million and \$0.1 million for the three months ended March 31, 2015 and 2014, respectively.

Significance of Revenue Source

The Company is the recipient of federal research contract funds from the Biomedical Advanced Research and Development Authority (BARDA). Periodic audits are required under the Company's BARDA agreement and certain costs may be questioned as appropriate under the BARDA agreement. Management believes that such amounts in the current year, if any, are not significant. Accordingly, no provision for refundable amounts under the BARDA agreement has been made as of March 31, 2015 and December 31, 2014.

Note 5. Share-based Compensation

Stock Options

In connection with the Company's IPO, the Company adopted the 2013 Equity Incentive Plan (the 2013 Plan). The 2013 Plan provides for the grant of incentive stock options (ISOs), nonstatutory stock options (NSOs), stock appreciation rights, restricted stock awards, restricted stock unit (RSU) awards, performance-based stock awards, and other forms of equity compensation (collectively, stock awards), all of which may be granted to employees, including officers, non-employee directors and consultants of the Company and its affiliates. Additionally, the 2013 Plan provides for the grant of performance cash awards. The number of shares of common stock reserved for future issuance automatically increases on January 1 of each calendar year by 4% of the total number of shares of capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by the Company's board of directors. On January 1, 2015, the common stock reserved for issuance under the 2013 Plan was automatically increased by 1,641,271 shares. As of March 31, 2015, there was a total of 2,011,058 shares reserved for future issuance under the 2013 Plan.

Employee Stock Purchase Plan

In February 2013, the Company's board of directors adopted the 2013 Employee Stock Purchase Plan (ESPP), which was subsequently ratified by stockholders and became effective in April 2013. Initially, the ESPP authorized the issuance of 704,225 shares of common stock pursuant to purchase rights granted to the Company's employees or to employees of any of its designated affiliates. The number of shares of common stock reserved for issuance automatically increases on January 1 of each calendar year, from January 1, 2014 through January 1, 2023 by the lesser of (a) 1% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, (b) 422,535 shares, or (c) a number determined by the Company's board of directors that is less than (a) and (b). On January 1, 2015, the common stock reserved for issuance under the ESPP was automatically increased by an additional 410,317 shares bringing the total number of shares of common stock that may be purchased under the ESPP to 1,329,277.

The Company has reserved a total of 1,381,191 shares of common stock to be purchased under the ESPP, of which 1,329,277 shares remained available for purchase as of March 31, 2015. Eligible employees may authorize up to 15% of their salary to purchase common stock at the lower of 85% of the beginning price or 85% of the ending price during each six-month purchase interval. The ESPP also provides for an automatic reset feature to start participants on a new twenty-four month participation period in the event that the common stock market value on a purchase date is less than the common stock value on the first day of the twenty-four month offering period. The Company issued 25,639 and 14,184 shares of common stock pursuant to the ESPP for the three months ended March 31, 2015 and 2014, respectively. Compensation expense for shares purchased under the ESPP related to the purchase discount and the "look-back" option were determined using a Black-Scholes option pricing model.

For awards with only service conditions and graded-vesting features, the Company recognizes compensation expense on a straight-line basis over the requisite service period. For the three months ended March 31, 2015 and 2014, there was no non-employee share-based compensation expense. Employee-related compensation expense recognized related to stock options, RSUs and the ESPP is as follows (in thousands):

	Three Months Ended March 31,	
	2015	2014
Research and development expense	\$ 1,025	\$ 376
General and administrative expense	1,377	396
Total share-based compensation expense	<u>\$ 2,402</u>	<u>\$ 772</u>

Note 6. Income Taxes

The Company estimates an annual effective tax rate of 0% for the year ending December 31, 2015 as the Company incurred losses for the three month period ended March 31, 2015 and is forecasting additional losses through the fourth quarter, resulting in an estimated net loss for both financial statement and tax purposes for the year ending December 31, 2015. Therefore, no federal or state income taxes are expected and none have been recorded at this time. Income taxes have been accounted for using the liability method in accordance with FASB Accounting Standards Codification 740.

Due to the Company's history of losses since inception, there is not enough evidence at this time to support that the Company will generate future income of a sufficient amount and nature to utilize the benefits of its net deferred tax assets. Accordingly, the deferred tax assets have been reduced by a full valuation allowance, since the Company does not currently believe that realization of its deferred tax assets is more likely than not.

As of March 31, 2015, the Company had no unrecognized tax benefits that would reduce the Company's effective tax rate if recognized.

Note 7. Significant Agreements

The Regents of the University of California

In May 2002, the Company entered into a license agreement with The Regents of the University of California (UC) under which the Company obtained an exclusive, worldwide license to UC's patent rights in certain inventions (the UC Patent Rights) related to lipid-conjugated antiviral compounds and their use, including certain patents relating to brincidofovir.

Under the license agreement, the Company is permitted to research, develop, manufacture and commercialize products utilizing the UC Patent Rights for all human and veterinary uses, and to sublicense such rights. UC retained the right, on behalf of itself and other non-profit institutions, to use the UC Patent Rights for educational and research purposes and to publish information about the UC Patent Rights.

In consideration for the rights granted under the license agreement, the Company has issued UC an aggregate of 64,788 shares of common stock. As additional consideration, the Company is required to pay certain cash milestone payments in connection with the development and commercialization of compounds that are covered by the UC Patent Rights, plus certain annual fees to maintain such patents until the Company commercializes a product utilizing UC Patent Rights. In connection with the development and commercialization of brincidofovir, the Company could be required to pay UC up to an aggregate of \$3.4 million in milestone payments, assuming the achievement of all applicable milestone events under the license agreement. In addition, upon commercialization of any product utilizing the UC Patent Rights (which would include the commercialization of brincidofovir), the Company will be required to pay low single digit royalties on net sales of such product.

In the event the Company sublicenses a UC Patent Right (including UC Patent Rights relating to brincidofovir) the Company is obligated to pay to UC a fee, which amount will vary depending upon the amount of any payments the Company receives and the clinical development stage of the compound being sublicensed, but which could be up to approximately 50% of the sublicense fee in certain circumstances. With respect to brincidofovir, the fee payable to UC will not exceed 5% of the sublicense fee. In addition, the Company will also be required to pay to UC a low single digit sublicense royalty on net sales of products that use the sublicensed UC Patent Rights, but in no event will the Company be required to pay more than 50% of the royalties it receives in connection with the relevant sublicense. Any such royalty payment will be reduced by other payments the Company is required to make to third parties until a minimum royalty has been reached.

The Company did not recognize expenses under this agreement for the three months ended March 31, 2015 or 2014.

Biomedical Advanced Research and Development Authority (BARDA)

In February 2011, the Company entered into a contract with BARDA for the development of brincidofovir as a medical countermeasure in the event of a smallpox release. The contract has been amended several times. On August 28, 2014, the second option segment of the contract to provide approximately \$17.0 million through November 30, 2015 was executed.

Under the contract, BARDA will reimburse the Company, plus pay a fixed fee, for the research and development of brincidofovir as a treatment for smallpox infections. The contract consists of an initial performance period, referred to as the base performance segment, plus up to four extension periods of approximately one year each, referred to as option segments, each of which may be exercised at BARDA's sole discretion. Under the contract as currently in effect, the Company may receive up to \$75.8 million in expense reimbursement and \$5.3 million in fees if all remaining option segments are exercised.

The Company is currently performing under the first and second option segments of the contract during which the Company may receive up to a total of \$5.3 million under the first option segment and \$17.0 million under the second option segment in expense reimbursement and fees. For the three months ended March 31, 2015 and 2014, the Company recognized revenue of \$1.2 million and \$0.8 million, respectively, under this contract.

ContraVir Pharmaceuticals

On December 17, 2014, the Company entered into a license agreement with ContraVir Pharmaceuticals (NASDAQ: CTRV) for the development and commercialization of CMX157, our clinical stage nucleotide analog, for certain antiviral indications. Under the terms of the agreement, ContraVir has sole responsibility with respect to the control of the development and commercialization of CMX157.

In exchange for the license to CMX157 rights, the Company received an upfront payment consisting of 120,000 shares of ContraVir Series B Convertible Preferred Stock with a stated value of \$1.2 million. In addition, the Company is eligible to receive up to approximately \$20.0 million in clinical, regulatory and initial commercial milestones in the United States and Europe, as well as royalties and additional milestones based on commercial sales in those territories. Either party may terminate the license agreement upon the occurrence of a material breach by the other party (subject to standard cure periods), or upon certain events involving the bankruptcy or insolvency of the other party. ContraVir may also terminate the license agreement without cause on a country-by-country basis upon sixty (60) days' prior written notice.

The upfront payment of 120,000 shares of ContraVir Series B Convertible Preferred Stock was valued at \$1.5 million at the time of the agreement. The Company recorded this amount as a long-term investment and deferred revenue, which is included in accrued liabilities in the Consolidated Balance Sheets. Upon completion of the transfer of the IND and technical know-how related to CMX157, the Company will recognize the upfront payment as revenue. As of March 31, 2015, this transfer had not been completed. As of March 31, 2015 and December 31, 2014, the fair value of the investment was \$2.5 million and \$1.8 million, respectively.

Note 8. Subsequent Events

The Company has evaluated subsequent events through the issuance date of these financial statements to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of March 31, 2015, and events which occurred subsequently but were not recognized in the financial statements.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto as of and for the year ended December 31, 2014 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission (SEC) on March 6, 2015, and amended on March 27, 2015. Past operating results are not necessarily indicative of results that may occur in future periods.

Forward-Looking Statements

The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part II, Item IA, "Risk Factors" in this Quarterly Report on Form 10-Q and in our other filings with the SEC. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements.

OVERVIEW

Chimerix is a biopharmaceutical company dedicated to discovering, developing and commercializing novel, oral antivirals to address unmet medical needs. We were founded in 2000 based on the promise of our proprietary lipid conjugate technology to unlock the potential of some of the most broad-spectrum antivirals by enhancing their antiviral activity and safety profiles in convenient, orally administered drug regimens. Based on our proprietary lipid conjugate technology, the Company's lead compound, brincidofovir (BCV or CMX001), is in Phase 3 clinical development; in addition, we have an active discovery program focusing on viral targets for which limited or no therapies are currently available or where current therapies have significant liabilities.

Recent Developments

Brincidofovir Phase 3 Clinical Trials for the Prevention of cytomegalovirus (CMV) disease in Kidney Transplant Recipients

On May 11, 2015, we announced the design of two Phase 3 clinical trials that we plan to conduct for the prevention of CMV disease in solid-organ transplant recipients:

SUSTAIN (CMX001-303): Phase 3 in High Risk Kidney Transplant Recipients

Improvements in immunosuppressive regimens have decreased the rates of organ rejection over the past decade. However, there have not been concomitant advances in antiviral therapy to prevent infection caused by the DNA viruses including CMV and BK virus. The long term survival of kidney transplants has therefore plateaued, with less than half of transplanted kidneys still functioning a decade after surgery.

SUSTAIN is a Phase 3 study in kidney transplant recipients at high risk of CMV disease. It is a blinded, non-inferiority study of brincidofovir versus valganciclovir in kidney transplant recipients who are CMV seronegative (R-) but who receive a kidney from a CMV seropositive (D+) donor. The primary endpoint is CMV disease, with secondary endpoints related to renal function at one year, a measurement closely correlated with long-term renal survival. The trial is expected to enroll approximately 750 patients, and, if positive, could serve as a confirmatory study that would support traditional approval in the U.S. for the CMV prevention indication.

Because the population for SUSTAIN makes up less than 20% of patients who are receiving a kidney transplant, it is important to also study brincidofovir in the most common setting of kidney transplantation, namely in patients, who are CMV seropositive (R+) when they receive their new kidney. These patients are at increased risk of CMV reactivation due to the significant

immunosuppression they receive to avoid organ rejection. CMV seropositive organ recipients comprise over half the transplant recipients; patients in this population will be enrolled in the parallel SURPASS trial.

SURPASS (CMX001-307): Phase 3 in Moderate Risk Kidney Transplant Recipients

SURPASS has a similar design to SUSTAIN, and is a blinded, non-inferiority study of brincidofovir versus valganciclovir in kidney transplant recipients who are CMV seropositive (R+). The primary endpoint is CMV disease, with secondary endpoints related to renal function at six months. The trial is expected to enroll approximately 520 patients.

SUSTAIN is intended to fulfill our regulatory need for a second confirmatory study for the prevention of CMV infection should the SUPPRESS data support an accelerated approval in the United States. Our primary strategic goal in conducting SURPASS is to evaluate brincidofovir in a significantly more common setting of kidney transplant patients than that provided by the patient population for SUSTAIN. Both SUSTAIN and SURPASS will provide an opportunity to evaluate brincidofovir's potential activity against BK virus, a polyomavirus that is a leading cause of kidney injury in these patient populations. Both studies are anticipated to begin enrollment in the second half of 2015 subject to discussions with the U.S. Food and Drug Administration (FDA).

Notice of Intent for other than Full and Open Competition for the Procurement of Brincidofovir for the CDC/Strategic National Stockpile

On April 13, 2015, the Department of Health and Human Services, Office of the Assistant Secretary for Preparedness and Response, Biomedical Advanced Research and Development Authority (BARDA) posted a notice of intent to use other than full and open competition ("Notice of Intent") to award a sole source contract to Chimerix for procurement of brincidofovir for the treatment of smallpox.

BARDA anticipates announcing the award of this contract by the end of September 2015. The estimated period of performance for the 60-month base period is September 2015 through August 2020 for initial deliveries of brincidofovir to the U.S. Centers for Disease Control and Prevention (CDC) for the Strategic National Stockpile (SNS). Options may be exercised at BARDA's discretion to achieve the potential delivery of a maximum of 1.7 million treatment courses.

The delivery schedule of the smallpox antiviral treatment courses to the SNS for the treatment of smallpox will be established during contract negotiations. The first delivery of smallpox antiviral to the SNS fulfilling requirements established by the FDA to support potential use of the product during a declared emergency is expected to occur in 2017. The remaining product deliveries will be structured during the remaining 60 month base period. BARDA proposes the award of a hybrid contract consisting of a firm-fixed price component for purchase of smallpox antiviral and a cost-plus fixed fee component to support final development efforts of the smallpox antiviral.

Per the Notice of Intent, the total estimated dollar value for the 60-month base period contract is approximately \$100 million. If all options are exercised by BARDA, the total dollar value is estimated to be approximately \$435 million.

FINANCIAL OVERVIEW

Revenues

To date, we have not generated any revenue from product sales. All of our revenue to date has been derived from government grants and contracts and the receipt of up-front proceeds under a collaboration and license agreement.

In February 2011, we entered into a contract with BARDA, a U.S. governmental agency that supports the advanced research and development, manufacturing, acquisition, and stockpiling of medical countermeasures. The contract originally consisted of an initial performance period, referred to as the base performance segment, which ended on May 31, 2013, plus up to four extension periods of approximately one year each, referred to as option segments. Subsequent option segments to the contract are not subject to automatic renewal and are not exercisable at Chimerix's discretion. The contract is a cost plus fixed fee development contract. Under the contract as currently in effect, we may receive up to \$75.8 million in expense reimbursement and \$5.3 million in fees if all remaining option segments are exercised. During the first quarter of 2015, we were performing under the first and second option segments of the contract during which we may receive up to a total of \$5.3 million and \$17.0 million in expense reimbursement and fees, respectively. The first option segment ended on April 30, 2015 and the second option segment is scheduled to end on November 30, 2015. As of March 31, 2015, we had recognized revenue in aggregate of \$38.0 million with respect to the base performance segment and the first two extension periods. For the three months ended March 31, 2015, we recognized \$1.2 million with respect to the BARDA contract.

On December 17, 2014, the Company entered into a collaboration and licensing agreement with ContraVir Pharmaceuticals (NASDAQ: CTRV) for the development and commercialization of CMX157 for certain antiviral indications. In exchange for the license to CMX157 rights, we received an upfront payment consisting of 120,000 shares of ContraVir Series B Convertible Preferred Stock with a stated value of \$1.2 million. In addition, we are eligible to receive clinical, regulatory and initial commercial milestones in the United States and Europe, as well as royalties and additional milestones based on commercial sales in those territories. We recognized the upfront license fee payment from ContraVir as deferred revenue for the year ended December 31, 2014, as our performance obligations were not completed as of December 31, 2014. As the performance obligations have not been completed as of March 31, 2015, the payment remains recorded as deferred revenue.

In the future, we may generate revenue from a combination of product sales, license fees, milestone payments and royalties from the sales of products developed under 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, milestone and other payments, and the amount and timing of payments that we receive upon the sale of our products, to the extent any are successfully commercialized. If we fail to complete the development of our product candidates in a timely manner or 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

Since our inception, we have focused our resources on our research and development activities, including conducting preclinical studies and clinical trials, manufacturing development efforts and activities related to regulatory filings for our product candidates. We recognize research and development expenses as they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors. We cannot determine with certainty the duration and completion costs of the current or future clinical studies of our product candidates. Our research and development expenses consist primarily of:

- Fees paid to consultants and contract research organizations (CROs), including in connection with our preclinical and clinical trials, and other related clinical trial fees, such as for investigator grants, patient screening, laboratory work, clinical trial database management, clinical trial material management and statistical compilation and analysis;
- Salaries and related overhead expenses, which include stock option and employee stock purchase program compensation and benefits, for personnel in research and development functions;
- Payments to third-party manufacturers, which produce, test and package our drug substance and drug product (including continued testing of process validation and stability);
- Costs related to legal and compliance with regulatory requirements; and
- License fees for and milestone payments related to, licensed products and technologies.

We plan to increase our research and development expenses for the foreseeable future as we continue development of brincidofovir for the prevention of CMV infection in hematopoietic cell transplant (HCT) recipients, for the treatment of AdV infections, for the prevention of CMV in kidney transplant recipients and for other indications, and to advance the development of our other product candidates, subject to the availability of additional funding.

The table below summarizes our research and development expenses for the periods indicated. Our direct research and development expenses consist primarily of external costs, such as fees paid to investigators, consultants, central laboratories and CROs, in connection with our clinical trials, preclinical development, and payments to third-party manufacturers of drug substance and drug product. We typically use our employee and infrastructure resources across multiple research and development programs.

	Three Months Ended March 31, 2015	
	2015	2014
	(unaudited)	
	(in thousands)	
Direct research and development expenses	\$ 12,064	\$ 5,018
Research and direct personnel costs	4,419	2,632
Indirect research and development expenses	961	642
Total research and development expenses	<u>\$ 17,444</u>	<u>\$ 8,292</u>

The successful development of our clinical and preclinical product candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing or costs of the efforts that will be necessary to complete the remainder of the development of any of our clinical or preclinical product candidates or the period, if any, in which material net cash inflows from these product candidates may commence. This is due to the numerous risks and uncertainties associated with the development of our product candidates, including:

- the uncertainty of the scope, rate of progress and expense of our ongoing, as well as any additional or planned, clinical trials and other research and development activities;
- the potential benefits of our product candidates over other therapies;
- the ability to market, commercialize and achieve market acceptance for any of our product candidates that we are developing or may develop in the future;
- the results of ongoing or future clinical trials;
- the timing and receipt of any regulatory approvals; and
- the filing, prosecuting, defending and enforcing of patent claims and other intellectual property rights, and the expense of doing so.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate will be required for the completion of clinical development of a product candidate in the United States or in Europe, if we decide to conduct additional clinical trials for strategic reasons, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time with respect to the development of that product candidate.

Brincidofovir

The majority of our research and development resources are currently focused on our Phase 3 trial of brincidofovir for prevention of CMV in HCT recipients (SUPPRESS), our Phase 3 trial of brincidofovir as a treatment for AdV (AdVise), and our other planned clinical and preclinical studies, including SUSTAIN and SURPASS, and other work needed to provide sufficient data supporting the safety, tolerability and efficacy of brincidofovir for approval in the United States and equivalent health authority approval outside the United States. We have incurred and expect to continue to incur significant expense in connection with these efforts, including expenses related to:

- manufacturing to produce, test and package our drug substance and drug product for brincidofovir;
- initiation, enrollment, and conduct of SUPPRESS;
- initiation, enrollment, and conduct of AdVise; and
- initiation, enrollment and conduct of our proposed solid organ transplant trials: SUSTAIN and SURPASS.

In addition, pursuant to our contract with BARDA, we are evaluating brincidofovir for the treatment of smallpox. During the base performance segment of the contract, we incurred significant expense in connection with the development of orthopox virus animal models, the demonstration of efficacy and pharmacokinetics of brincidofovir in the animal models, the conduct of an open label clinical safety study for subjects with DNA viral infections, and the manufacture and process validation of bulk drug substance and brincidofovir 100 mg tablets. During the first option segment of the contract, we performed additional animal testing of brincidofovir. We are currently performing under the second option segment of the contract with BARDA and performed additional animal testing of brincidofovir.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for employees in executive, finance, marketing, investor relations, information technology, legal, human resources and administrative support functions, including share-based compensation expenses and benefits. Other significant general and administrative expenses include the pre-launch activities for brincidofovir, accounting and legal services, cost of various consultants, director and officer liability insurance, occupancy costs and information systems.

We expect that our general and administrative expenses will continue to increase due to the potential commercialization of our product candidates. We believe that these increases will likely include increased costs for director and officer liability insurance, costs related to the hiring of additional personnel and increased fees for outside consultants, lawyers and accountants.

Interest Income (Expense), Net

Interest income consists of interest earned on our cash, cash equivalents, short-term investments and long-term investments. Interest expense consists primarily of interest accrued or paid on amounts outstanding under our Loan and Security Agreement (LSA) with Silicon Valley Bank (SVB) and MidCap Financial SBIC, LP (MidCap).

Share-based Compensation

The Financial Accounting Standards Board authoritative guidance requires that share-based payment transactions with employees be recognized in the financial statements based on their fair value and recognized as compensation expense over the vesting period. Total share-based compensation expense of \$2.4 million and \$772,000 was recognized in the three months ended March 31, 2015 and 2014, respectively. The share-based compensation expense recognized included expense from stock options, restricted stock units (RSUs) and our 2013 employee stock purchase plan (ESPP).

We estimate the fair value of our share-based awards to employees and directors using the Black-Scholes pricing model. This estimate is affected by our stock price as well as assumptions including the risk-free interest rate, expected dividend yield, expected volatility, expected term, expected rate of forfeiture and the fair value of the underlying common stock on the date of grant.

For performance-based stock options and performance-based RSUs, we begin to recognize the expense when it is deemed probable that the performance-based goal will be met. We evaluate the probability of achieving performance-based goals on a quarterly basis.

Equity instruments issued to non-employees are periodically revalued as the equity instruments vest and are recognized as expense over the related service period.

Critical Accounting Policies and Significant Judgments and Estimates

The preparation of our unaudited consolidated condensed financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the revenues and expenses incurred during the reported periods. 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 apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions. We discussed accounting policies and assumptions that involve a higher degree of judgment and complexity in Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on March 6, 2015, as amended. There have been no material changes during the first quarter of 2015 to our critical accounting policies, significant judgments and estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014, as amended.

RESULTS OF OPERATIONS

Comparison of the Three Months Ended March 31, 2015 and 2014

The following table summarizes our results of operations for the three months ended March 31, 2015 and 2014, together with the changes in those items in dollars and percentage:

	Three Months Ended March 31, 2015		Dollar Change	% Change
	2015	2014		
	(unaudited) (in thousands)			
Revenue				
Contract revenue	\$ 1,238	\$ 780	\$ 458	58.7 %
Total revenues	1,238	780	458	58.7 %
Operating expenses:				
Research and development	17,444	8,292	9,152	110.4 %
General and administrative	6,123	2,672	3,451	129.2 %
Loss from operations	(22,329)	(10,184)	12,145	119.3 %
Interest income (expense), net	63	(196)	(259)	(132.1)%
Net loss	\$ (22,266)	\$ (10,380)	\$ 11,886	114.5 %

Contract Revenue

For the three months ended March 31, 2015, total revenue increased to \$1.2 million compared to \$780,000 for the three months ended March 31, 2014. The increase of \$458,000, or 58.7%, is related to an increase in reimbursable expenses related to our contract with BARDA.

Research and Development Expenses

For the three months ended March 31, 2015, our research and development expenses increased to \$17.4 million compared to \$8.3 million for the three months ended March 31, 2014. The increase of \$9.2 million, or 110.4%, is primarily related to the following:

- an increase in clinical trial expenses of \$4.7 million related to our ongoing Phase 3 SUPPRESS trial and the Phase 3 AdVise study for the treatment of AdV infection during the three months ended March 31, 2015;
- an increase in total compensation costs of \$1.8 million of which \$980,000 relates to the addition of 18 new employees and \$650,000 relates to an increase of share-based compensation as we continue to grow our clinical, regulatory and manufacturing departments;
- an increase of \$1.4 million in drug manufacturing costs as we continue to develop brincidofovir for commercialization; and
- an increase of \$460,000 in consultant expense as we begin to prepare our new drug application for brincidofovir for submission to the FDA.

General and Administrative Expenses

For the three months ended March 31, 2015, our general and administrative costs increased to \$6.1 million compared to \$2.7 million for the three months ended March 31, 2014. The increase of \$3.5 million, or 129.2%, is primarily related to the following:

- an increase in total compensation costs of \$1.5 million, of which \$980,000 related to an increase of stock based compensation and \$450,000 related to the addition of seven new employees to support the overall growth of the company;
- an increase in costs of \$1.2 million as we begin our commercialization preparations to launch brincidofovir; and
- an increase of professional fees related to compliance with provisions of the Sarbanes-Oxley Act of 2002.

Interest Income (Expense), Net

For the three months ended March 31, 2015, our interest income (expense), net, increased to income of \$63,000 compared to an expense of \$196,000 for the three months ended March 31, 2014. The increase of \$259,000, or 132.1%, is attributable to interest earned on our cash and investments and a decrease in interest expense associated with the smaller outstanding loan balance in the first quarter of 2015 compared to the first quarter of 2014 as we continue to pay down the outstanding principal balance.

LIQUIDITY AND CAPITAL RESOURCES

We have incurred losses since our inception in 2000 and anticipate that we will continue to incur losses for at least the next several years. We expect that our research and development and general and administrative expenses will continue to increase and, as a result, we will need additional capital to fund our operations, which we may obtain through one or more of equity offerings, debt financings, government or other third-party funding, strategic alliances and licensing or collaboration arrangements.

On May 27, 2014, we completed an underwritten public offering of 8,395,000 shares of common stock, including 1,095,000 shares sold pursuant to the full exercise of an option previously granted to the underwriters to purchase additional shares of common stock. All of the shares were offered by us at a price to the public of \$14.22 per share. The net proceeds from this offering, after deducting underwriting discounts and commissions and other offering expenses payable by us, were approximately \$111.8 million. The securities described above were offered by us pursuant to a shelf registration statement declared effective by the SEC on May 16, 2014. The shelf registration statement allows us to issue shares of our common stock and preferred stock, various series of debt securities and warrants to purchase any of such securities, up to a total aggregate offering price of \$200.0 million from time to time in one or more offerings. As of March 31, 2015, we had sold approximately \$119.4 million of our common stock under this shelf registration statement.

On November 5, 2014, we completed an underwritten public offering of 4,197,500 shares of common stock, including 547,500 shares sold pursuant to the full exercise of an option previously granted to the underwriters to purchase additional shares of common stock. All of the shares were offered by us at a price to the public of \$29.00 per share. The net proceeds from this offering, after deducting underwriting discounts and commissions and other offering expenses payable by us, were approximately \$114.0 million. The securities described above were offered by us pursuant to an automatic shelf registration statement which immediately became effective by rule of the SEC on October 29, 2014. For so long as we continue to satisfy the requirements to be deemed a well-known seasoned issuer, this shelf registration statement allows us to issue shares of our common stock up to a total aggregate offering price of \$150.0 million from time to time in one or more offerings. As of March 31, 2015, we had sold approximately \$121.7 million of our common stock under this shelf registration statement.

We cannot assure you that adequate funding will be available on terms acceptable to us, if at all. Any additional equity financings will be dilutive to our stockholders and any additional debt may involve operating covenants that may restrict our business. If adequate funds are not available through these means, we may be required to curtail significantly one or more of our research or development programs, our pre-launch expenses, and any launch and other commercialization expenses for any of our products that may receive marketing approval. We cannot assure you that we will successfully develop or commercialize our products under development or that our products, if successfully developed, will generate revenues sufficient to enable us to earn a profit.

As of March 31, 2015, we had capital available to fund operations of approximately \$267.2 million. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation. We believe that our existing capital available to fund operations will enable us to fund our current operating expenses and capital requirements for at least the next 12 months. Such operating and capital requirements do not contemplate incremental expenses associated with a full scale commercial launch of brincidofovir. However, changing circumstances beyond our control may cause us to consume capital more rapidly than we currently anticipate.

During 2012, we entered into a loan and security agreement with SVB and MidCap allowing for borrowing up to \$15.0 million. In January 2012, we borrowed \$3.0 million under this agreement which had an interest only period for twelve months, followed by a thirty month principal and interest period at a rate of 8.25%. In September 2012, we borrowed an additional \$12.0 million under this agreement which had an interest only period of six months, followed with a thirty-two month principal interest period at a rate of 8.25%. As of March 31, 2015, the balance of the loan was \$2.9 million.

Cash Flows

The following table sets forth the significant sources and uses of cash for the periods set forth below:

	Three Months Ended March 31, 2015	
	2015	2014
	(unaudited) (in thousands)	
Net cash provided by (used in):		
Operating activities	\$ (18,839)	\$ (9,116)
Investing activities	(54,719)	(62,739)
Financing activities	701	(700)
Net decrease in cash and cash equivalents	<u>\$ (72,857)</u>	<u>\$ (72,555)</u>

Operating Activities

Net cash used in operating activities of \$18.8 million for the three months ended March 31, 2015 was primarily the result of our \$22.3 million net loss, partially offset by the add-back of non-cash expenses of \$2.4 million for share-based compensation and \$425,000 of accretion on investments. The change in operating assets and liabilities includes an increase in accounts receivable of \$871,000 related to work on the BARDA contract offset by a decrease in prepaid expenses and other current assets of \$832,000 primarily related to activities of our Phase 3 clinical trials and an increase of \$511,000 in accounts payable and accrued liabilities. Net cash used in operating activities of \$9.1 million during the three months ended March 31, 2014 was primarily the result of our \$10.4 million net loss, offset by the add-back of non-cash expenses of \$772,000 for share-based compensation. The change in operating assets and liabilities includes a decrease in prepaid expenses and other current assets of \$1.1 million primarily related to the ongoing activities of our Phase 3 SUPPRESS trial and a decrease of \$159,000 in accounts receivable due to a decrease in reimbursable expenses related to our contract with BARDA offset by a decrease in accounts payable and accrued liabilities of \$934,000.

Investing Activities

Net cash used by investing activities of \$54.7 million for the three months ended March 31, 2015 primarily relates to the purchase of \$26.7 million short-term and \$65.2 million long-term investments offset by the maturities of \$36.4 million short-term investments, and net cash used by investing activities of \$62.7 million during the three months ended March 31, 2014 was primarily the result of the purchase of short-term investments.

Financing Activities

Net cash provided by financing activities of \$0.7 million for the three months ended March 31, 2015 was primarily the result of approximately \$2.1 million from the exercise of warrants, stock options and stock purchases through our ESPP, partially offset by \$1.4 million in debt repayment. Net cash used by financing activities of \$0.7 million for the three months ended March 31, 2014 was primarily the result of approximately \$725,000 in proceeds from the exercise of stock options and stock purchases under the ESPP offset by \$1.4 million in debt repayment.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

There have been no material changes to our contractual obligations and commitments outside the ordinary course of business from those disclosed under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations-Contractual Obligations and Commitments" as contained in our Annual Report on Form 10-K for the year ended December 31, 2014 filed by us with the SEC on March 6, 2015, as amended.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the duration of our investment portfolio and the low risk profile of our investments, an immediate 10.0% change in interest rates would not have a material effect on the fair market value of our portfolio. Accordingly, we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our investment portfolio.

We do not believe that our cash, cash equivalents and available-for-sale investments have significant risk of default or illiquidity. While we believe our cash and cash equivalents and certificates of deposit do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation has had a material effect on our results of operations for the three months ending March 31, 2015 or 2014.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or Exchange Act) as of March 31, 2015, have concluded that, based on such evaluation, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports 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 is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) occurred during the three months ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS.

An investment in shares of our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information contained elsewhere in this report, before deciding whether to purchase, hold or sell shares of our common stock. The occurrence of any of the following risks could harm our business, financial condition, results of operations and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. You should consider all of the risk factors described when evaluating our business. We have marked with an asterisk () those risk factors that reflect changes from the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission on March 6, 2015, as amended.*

Risks Related To Our Financial Condition and Need For Additional Capital

We have incurred significant losses since our inception. We anticipate that we will continue to incur significant losses for the foreseeable future, and we may never achieve or maintain profitability.*

We are a biopharmaceutical company focused primarily on developing our lead product candidate, brincidofovir. We have incurred significant net losses in each year since our inception, including net losses of \$22.3 million and \$10.4 million for the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, we had an accumulated deficit of approximately \$244.3 million.

To date, we have financed our operations primarily through the sale of equity securities and, to a lesser extent, through government funding, licensing fees and debt. We have devoted most of our financial resources to research and development, including our preclinical development activities and clinical trials. We have not completed development of any product candidates. We expect to continue to incur losses and negative cash flows for the foreseeable future. The size of our losses will depend, in part, on the rate of future expenditures and our ability to generate revenues. In particular, we expect to incur substantial and increased expenses as we:

- continue the development of our lead product candidate, brincidofovir, for the prevention of cytomegalovirus (CMV) infection in hematopoietic cell transplant recipients and solid organ transplant recipients;
- continue the development of brincidofovir for the treatment of adenovirus (AdV) infection;
- seek to obtain regulatory approvals for brincidofovir;
- prepare for the potential commercialization of brincidofovir;
- scale-up manufacturing capabilities to commercialize brincidofovir for any indications for which we receive regulatory approval;
- begin outsourcing of the commercial manufacturing of brincidofovir for any indications for which we receive regulatory approval;
- establish an infrastructure for the sales, marketing and distribution of brincidofovir for any indications for which we receive regulatory approval;
- expand our research and development activities and advance our clinical programs;
- maintain, expand and protect our intellectual property portfolio;
- continue our research and development efforts and seek to discover additional product candidates; and
- add operational, financial and management information systems and personnel, including personnel to support our product development and commercialization efforts and operations as a public company.

To become and remain profitable, we must succeed in developing and eventually commercializing products with significant market potential. This will require us to be successful in a range of challenging activities, including discovering product candidates, completing preclinical testing and clinical trials of our product candidates, obtaining regulatory approval for these product candidates, and manufacturing, marketing and selling those products for which we may obtain regulatory approval. We are only in the preliminary stages of some of these activities.

To date, we have not completed Phase 3 clinical trials or obtained regulatory approval for any of our product candidates, and none of our product candidates have been commercialized. We may never succeed in developing or commercializing any of our product candidates. If our product candidates are not successfully developed or commercialized, or if revenues from any products that do receive regulatory approvals are insufficient, we will not achieve profitability and our business may fail. Even if we successfully obtain regulatory approval to market our product candidates in the United States, our revenues are also dependent upon the size of markets outside of the United States, as well as our ability to obtain market approval and achieve commercial success outside of the United States.

Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations. A decline in the value of our company could cause you to lose all or part of your investment.

Our ability to generate future revenues from product sales is uncertain and depends upon our ability to successfully develop, obtain regulatory approval for, and commercialize our product candidates.

Our ability to generate revenue and achieve profitability depends on our ability, alone or with collaborators, to successfully complete the development, obtain the necessary regulatory approvals and commercialize our product candidates. We do not anticipate generating revenues from sales of our product candidates for the foreseeable future. Our ability to generate future revenues from product sales depends heavily on our success in:

- obtaining favorable results for and advancing the development of brincidofovir, initially for the prevention of CMV in hematopoietic cell transplant (HCT) recipients, including successfully completing Phase 3 clinical development;
- obtaining regulatory approval in the United States for brincidofovir, initially for the prevention of CMV infection in HCT recipients;
- obtaining United States and foreign regulatory approvals for brincidofovir for the treatment of adenovirus infection;
- launching and commercializing brincidofovir, including establishing a sales force and collaborating with third parties;
- achieving broad market acceptance of brincidofovir in the medical community and with third-party payers;
- obtaining traditional approval in the United States for brincidofovir for CMV prevention; and
- generating a pipeline of product candidates which progress to clinical development.

Conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data required to obtain regulatory approval and achieve product sales. Our anticipated development costs would likely increase if we do not obtain favorable results or if development of our product candidates is delayed. In particular, we would likely incur higher costs than we currently anticipate if development of our product candidates is delayed because we are required by the U.S. Food and Drug Administration (FDA) or foreign regulatory authorities to perform studies or trials in addition to those that we currently anticipate, or we decide to conduct additional studies or trials for strategic reasons. For example, SUSTAIN is intended to fulfill our regulatory need for a second confirmatory study should the SUPPRESS data support accelerated approval, while SURPASS is designed primarily to evaluate brincidofovir in a significantly more common setting of kidney transplant patients than that provided by the patient population for SUSTAIN. Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to predict the timing or amount of any increase in our anticipated development costs.

In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for a number of years, if at all. Even if one or more of our product candidates is approved for commercial sale, we anticipate incurring significant costs in connection with commercialization. As a result, we cannot assure you that we will be able to generate revenues from sales of any approved product candidates, or that we will achieve or maintain profitability even if we do generate sales.

If we fail to obtain additional financing, we could be forced to delay, reduce or eliminate our product development programs, seek corporate partners for the development of our product development programs or relinquish or license on unfavorable terms, our rights to technologies or product candidates.*

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a time-consuming, expensive and uncertain process that takes years to complete. We expect our research and development expenses to increase in connection with our ongoing activities, particularly as we advance our clinical programs for brincidofovir.

Our existing cash, cash equivalents and short-term investments, will enable us to fund our operating expenses and capital requirements into 2016. Such operating and capital requirements do not contemplate incremental expenses associated with a full

scale commercial launch of brincidofovir. However, changing circumstances beyond our control may cause us to consume capital more rapidly than we currently anticipate. For example, our clinical trials may encounter technical, enrollment or other difficulties that could increase our development costs more than we expected, or because the FDA or foreign regulatory authorities requires us to perform studies or trials in addition to those that we currently anticipate. We may need to raise additional funds if we choose to initiate clinical trials for our product candidates other than brincidofovir. In any event, we will require additional capital to commercialize our lead product candidate, brincidofovir.

On May 1, 2014, we filed a shelf registration statement with the Securities and Exchange Commission (SEC) that was declared effective by the SEC on May 16, 2014. The shelf registration statement allows us to issue shares of our common stock and preferred stock, various series of debt securities and warrants to purchase any of such securities, up to a total aggregate offering price of \$200.0 million from time to time in one or more offerings. As of March 31, 2015, we had sold approximately \$119.4 million of our common stock under this shelf registration statement. On October 29, 2014, we filed an automatic shelf registration statement which immediately became effective by rule of the SEC on October 29, 2014. For so long as we continue to satisfy the requirements to be deemed a well-known seasoned issuer, this shelf registration statement allows us to issue shares of our common stock up to a total aggregate offering price of \$150.0 million from time to time in one or more offerings. As of the date hereof we had sold approximately \$121.7 million of our common stock under this shelf registration statement.

Securing additional financing may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates, including brincidofovir. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we are unable to raise additional capital when required or on acceptable terms, we may be required to:

- significantly delay, scale back or discontinue the development or commercialization of our product candidates, including brincidofovir;
- seek corporate partners for brincidofovir or any of our other product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available; or
- relinquish or license on unfavorable terms, our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves.

If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing development and commercialization efforts, which will have a material adverse effect on our business, operating results and prospects and on our ability to develop our product candidates.

Risks Related To Clinical Development and Regulatory Approval

We depend on the success of our lead product candidate, brincidofovir, which is still under clinical development, and may not obtain regulatory approval or be successfully commercialized.

We have not marketed, distributed or sold any products. The success of our business depends upon our ability to develop and commercialize our lead product candidate, brincidofovir, which has completed a Phase 2 clinical trial for the prevention of CMV infection in adult HCT recipients and a Phase 2 trial in preemptive treatment of adenovirus infection in adult and pediatric HCT recipients. In August 2013, we initiated a Phase 3 trial, known as SUPPRESS, for the prevention of CMV infection in allogeneic HCT recipients. We intend to use this trial as a basis to submit a new drug application (NDA) to the FDA under the accelerated approval pathway seeking regulatory approval to market brincidofovir in the United States and to file equivalent applications outside the United States. In the first quarter of 2014, we initiated a second Phase 3 clinical trial of brincidofovir, known as Advise, for the treatment of Adv infection immunocompromised patients. We are currently in discussions with EU regulatory authorities related to the possibility of receiving an approval related to Advise. We recently announced the design of two Phase 3 clinical trials that we plan to conduct for the prevention of CMV disease in kidney transplant recipients. Improvements in immunosuppressive regimens have decreased the rates of organ rejection over the past decade. However, there have not been concomitant advances in antiviral therapy to prevent infection caused by the DNA viruses including CMV and BK virus. The long term survival of kidney transplants has therefore plateaued, with less than half of transplanted kidneys still functioning a decade after surgery. SUSTAIN is a Phase 3 study in kidney transplant recipients at high risk of CMV disease. It is a blinded, non-inferiority study of brincidofovir versus valganciclovir in kidney transplant recipients who are CMV seronegative (R-) but who receive a kidney from a CMV seropositive (D+) donor. The primary endpoint is CMV disease, with secondary endpoints related to renal function at one year, a measurement closely correlated with long-term renal survival. The trial is expected to enroll approximately 750 patients, and, if positive, could serve as a confirmatory study that would support traditional approval in the U.S. for the CMV prevention indication. Because the population for SUSTAIN makes up less than 20% of patients who are receiving a kidney transplant, it is important to also study brincidofovir in the most common setting of kidney transplantation, namely in patients who are CMV seropositive (R+) when they receive their new kidney. These patients are at increased risk of

CMV reactivation due to the significant immunosuppression they receive to avoid organ rejection. CMV seropositive organ recipients comprise over half the transplant recipients; patients in this population will be enrolled in the parallel SURPASS trial. SURPASS has a similar design to SUSTAIN, and is a blinded, non-inferiority study of brincidofovir versus valganciclovir in kidney transplant recipients who are CMV seropositive (R+). The primary endpoint is CMV disease, with secondary endpoints related to renal function at six months. The trial is expected to enroll approximately 520 patients. Both SUSTAIN and SURPASS will provide an opportunity to evaluate brincidofovir's potential activity against BK virus, a polyomavirus that is a leading cause of kidney injury in these patient populations.

SUSTAIN is intended to fulfill our regulatory need for a second confirmatory study for the prevention of CMV infection should the SUPPRESS data support an accelerated approval in the United States, while SURPASS is designed primarily to evaluate brincidofovir in a significantly more common setting of kidney transplant patients than that provided by the patient population for SUSTAIN. There is no guarantee that our Phase 3 clinical trials will be completed or, if completed, will be successful. The success of brincidofovir will depend on several factors, including the following:

- successful completion of nonclinical studies and successful enrollment and completion of clinical trials;
- receipt of marketing approvals from the FDA and corresponding regulatory authorities outside the United States for our product candidates;
- establishing commercial manufacturing capabilities, either by building such facilities ourselves or making arrangements with third-party manufacturers;
- launching commercial sales of the product, whether alone or in collaboration with others;
- acceptance of the product by patients, the medical community and third-party payers;
- effectively competing with other therapies;
- a continued acceptable safety profile of the product following approval; and
- obtaining, maintaining, enforcing and defending intellectual property rights and claims.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize brincidofovir, which would materially harm our business.

We have never obtained regulatory approval for a drug and we may be unable to obtain, or may be delayed in obtaining, regulatory approval for brincidofovir.

We have never obtained regulatory approval for a drug. It is possible that the FDA and/or foreign health authorities may refuse to accept our NDA (or corresponding application) for substantive review or may conclude after review of our data that our application is insufficient to obtain regulatory approval of brincidofovir.

As an example, the control for the AdVise trial is a historic control, which means that the clinical outcomes as recorded for similar patients at the same institutions that are participating in enrollment for AdVise will be used as the comparison for the patients who are enrolling in our pivotal trial for the treatment of adenovirus infection. Each subject enrolled in AdVise will have two matched controls for clinical outcomes including mortality. Trials which employ historic controls have specific risks which are unique and are in addition to risks of trials which randomize some patients to placebo or to an active comparator drug. Regulatory review of these trials may incur additional risks.

If the FDA and/or foreign health authorities does not accept or approve our application, we may be required to conduct additional clinical, nonclinical or manufacturing validation studies and submit those data before reconsideration of our application occurs. Depending on the extent of these or any other required studies, approval of any NDA or application that we submit may be delayed by several years, or may require us to expend more resources than we have available. It is also possible that additional studies, if performed and completed, may not be considered sufficient by the FDA and/or foreign health authorities to approve our NDA/application.

Any delay in obtaining, or an inability to obtain, regulatory approvals would prevent us from commercializing brincidofovir, generating revenues and achieving and sustaining profitability. If any of these outcomes occur, we may be forced to abandon our development efforts for brincidofovir, which would have a material adverse effect on our business and could potentially cause us to cease operations.

We depend on the successful completion of clinical trials for our product candidates, including brincidofovir. The positive clinical results obtained for our product candidates in prior clinical studies may not be repeated in future clinical studies.

Before obtaining regulatory approval for the sale of our product candidates, including brincidofovir, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult

to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more of our clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for their products.

We have completed a Phase 2 clinical study of brincidofovir for the prevention of CMV infection in HCT recipients and recently completed a Phase 2 study of brincidofovir as preemptive therapy for AdV infection in HCT recipients. However, we have never completed a pivotal Phase 3 clinical trial. The positive results we have seen to date in our Phase 2 clinical trial of brincidofovir for the prevention of CMV in HCT recipients and our Phase 2 trial of brincidofovir as preemptive therapy for asymptomatic AdV infection do not ensure that later clinical trials, such as our currently enrolling Phase 3 SUPPRESS and AdVise trials, and any additional Phase 3 clinical trials, such as SUSTAIN and SURPASS, will demonstrate similar results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy characteristics despite having progressed satisfactorily through preclinical studies and initial clinical testing. A number of companies in the pharmaceutical and biotechnology industries, including those with greater resources and experience than us, have suffered significant setbacks in Phase 3 clinical development, even after seeing promising results in earlier clinical trials.

We may experience a number of unforeseen events during, or as a result of, clinical trials for our product candidates, including brincidofovir, that could adversely affect the completion of our clinical trials, including:

- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- we might be required to change one of our clinical research organizations (CROs) during ongoing clinical programs;
- the number of subjects required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be insufficient or slower than we anticipate or subjects may drop out of these clinical trials at a higher rate than we anticipate;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we might have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding that the subjects are being exposed to unacceptable health risks;
- regulators or institutional review boards may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements;
- the cost of clinical trials of our product candidates may be greater than we anticipate;
- agency or judicial enforcement actions which impact our clinical trials;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; and
- our product candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators to suspend or terminate the trials.

Negative or inconclusive results of our Phase 3 SUPPRESS and AdVise trials of brincidofovir, or any other clinical trial we conduct, could cause the FDA and/or foreign health authorities to require that we repeat or conduct additional clinical studies. Despite the results reported in earlier clinical trials for brincidofovir, we do not know whether SUPPRESS, AdVise, or any other clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market our product candidates, including brincidofovir. If later stage clinical trials do not produce favorable results, our ability to obtain regulatory approval for our product candidates, including brincidofovir, may be adversely impacted.

We are developing brincidofovir to treat patients who are extremely ill, and patient deaths that occur in our clinical trials could negatively impact our business even if they are not shown to be related to brincidofovir.

We are developing our lead product candidate, brincidofovir, for the prevention of CMV infection in HCT recipients through the Phase 3 SUPPRESS trial, and for the treatment of adenovirus infection through the AdVise trial. Many of these patients receive an HCT as a potential cure or remission for many cancers and genetic disorders. Patients enrolled in AdVise are often extremely sick and have a high likelihood of experiencing adverse outcomes as a result of their infection.

We are also planning to initiate two Phase 3 studies, SUSTAIN and SURPASS, of brincidofovir for the prevention of CMV infection in kidney transplant recipients.

To prepare for their transplant, such patients receive a pre-transplant conditioning regimen, which involves high-dose chemotherapy and may also include radiation therapy. The conditioning regimen suppresses the patient's immune system in order to prevent it from attacking the new bone marrow. For solid organ transplants, immunosuppressants are generally tapered after the first few months, so the risk of severe viral infection is highest in the first few months. Generally, patients remain at high risk during the first 100 days following their transplant and are at increased risk of infections during that period, which can be serious and even life-threatening due to their weakened immune systems.

As a result, it is likely that we will observe severe adverse outcomes during our clinical trials for brincidofovir, including patient death. If a significant number of study subject deaths were to occur, regardless of whether such deaths are attributable to brincidofovir, our ability to obtain regulatory approval and/or achieve commercial acceptance for brincidofovir may be adversely impacted and our business could be materially harmed.

Delays in clinical trials are common and have many causes, and any delay could result in increased costs to us and jeopardize or delay our ability to obtain regulatory approval and commence product sales.

Clinical testing is expensive, difficult to design and implement, can take many years to complete, and is uncertain as to outcome. We may experience delays in clinical trials at any stage of development and testing of our product candidates. Our planned clinical trials may not begin on time, have an effective design, enroll a sufficient number of subjects, or be completed on schedule, if at all.

Events which may result in a delay or unsuccessful completion of clinical trials, including our Phase 3 clinical trials for brincidofovir, include:

- inability to raise funding necessary to initiate or continue a trial;
- delays in obtaining regulatory approval to commence a trial;
- delays in reaching agreement with the FDA and foreign health authorities on final trial design;
- imposition of a clinical hold following an inspection of our clinical trial operations or trial sites by the FDA or other regulatory authorities;
- delays caused by disagreements with existing CROs and/or clinical trial sites;
- delays in reaching agreement on acceptable terms with prospective CROs and clinical trial sites;
- delays in obtaining required institutional review board approval at each site;
- delays in recruiting suitable patients to participate in a trial;
- delays in having subjects complete participation in a trial or return for post-treatment follow-up;
- delays caused by subjects dropping out of a trial due to side effects or otherwise;
- clinical sites dropping out of a trial to the detriment of enrollment;
- agency or judicial enforcement actions against us;
- time required to add new clinical sites; and
- delays by our contract manufacturers to produce and deliver sufficient supply of clinical trial materials.

For example, due to the specialized indication and patient populations being studied in our Phase 3 clinical trials of brincidofovir, the number of study sites available to us is relatively limited, and therefore enrollment of suitable patients to participate in the trial may take longer than is typical for studies involving other indications. This may result in a delay or unsuccessful completion of our clinical trials, including our Phase 3 clinical trial of brincidofovir for CMV prevention in HCT recipients.

If initiation or completion of any of our clinical trials for our product candidates, including our current or future Phase 3 clinical trials of brincidofovir, are delayed for any of the above reasons, our development costs may increase, our approval process could be delayed, any periods during which we may have the exclusive right to commercialize our product candidates may be reduced and our competitors may have more time to bring products to market before we do. Any of these events could impair our ability to generate revenues from product sales and impair our ability to generate regulatory and commercialization milestones and royalties, all of which could have a material adverse effect on our business.

Our product candidates may cause adverse effects or have other properties that could delay or prevent their regulatory approval or limit the scope of any approved label or market acceptance.

Adverse events (AEs) caused by our product candidates could cause us, other reviewing entities, clinical study sites or regulatory authorities to interrupt, delay or halt clinical studies and could result in the denial of regulatory approval. For example, subjects enrolled in our Phase 2 clinical trials for brincidofovir have reported gastrointestinal AEs and liver-related safety laboratory value changes. In addition, brincidofovir is related to the approved drug cidofovir (CDV), a compound which has been shown to result

in significant renal toxicity and impairment following use. There is also a risk that our other product candidates may induce AEs, many of which may be unknown at this time. If an unacceptable frequency and/or severity of AEs are reported in our clinical trials for our product candidates, our ability to obtain regulatory approval for product candidates, including brincidofovir, may be negatively impacted.

If any of our approved products cause serious or unexpected side effects prior to or after receiving market approval, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of the product or impose restrictions on its distribution in a form of a modified risk evaluation and mitigation strategy (REMS);
- regulatory authorities may require the addition of labeling statements, such as warnings or contraindications;
- we may be required to change the way the product is administered or to conduct additional clinical studies;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product candidate and could substantially increase the costs of commercializing our product candidates.

After the completion of our clinical trials, we cannot predict whether or when we will obtain regulatory approval to commercialize brincidofovir and we cannot, therefore, predict the timing of any future revenue from brincidofovir.

We cannot commercialize our product candidates, including brincidofovir, until the appropriate regulatory authorities have reviewed and approved the product candidate. The regulatory agencies may not complete their review processes in a timely manner, or we may not be able to obtain regulatory approval for brincidofovir. Additional delays in the United States may result if brincidofovir is brought before an FDA advisory committee, which could recommend restrictions on approval or recommend non-approval of the product candidate. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action, or changes in regulatory agency policy during the period of product development, clinical studies and the review process. As a result, we cannot predict when, if at all, we will receive any future revenue from commercialization of any of our product candidates, including brincidofovir.

Even if we obtain regulatory approval for brincidofovir and our other product candidates, we will still face extensive regulatory requirements and our products may face future development and regulatory difficulties.

Even if we obtain regulatory approval, the granting authority may still impose significant restrictions on the indicated uses or marketing of our product candidates, including brincidofovir, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. For example, the labeling ultimately approved for our product candidates, including brincidofovir, will likely include restrictions on use due to the specific patient population and manner of use in which the drug was evaluated and the safety and efficacy data obtained in those evaluations. In addition, the label for brincidofovir may be required to include a boxed warning, or “black box,” regarding brincidofovir being carcinogenic, teratogenic and impairing fertility in animal studies, as well as a contraindication in patients who have had a demonstrated clinically significant hypersensitivity reaction to brincidofovir or CDV or any component of the formulation. The brincidofovir labeling may also include warnings or black boxes pertaining to gastrointestinal AEs or liver-related safety laboratory value changes.

Brincidofovir and our other product candidates will also be subject to additional ongoing regulatory requirements governing the labeling, packaging, storage, distribution, safety surveillance, advertising, promotion, record-keeping and reporting of safety and other post-market information. In the United States, the holder of an approved NDA is obligated to monitor and report AEs and any failure of a product to meet the specifications in the NDA. The holder of an approved NDA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process. Advertising and promotional materials must comply with FDA rules and are subject to FDA review, in addition to other potentially applicable federal and state laws. Furthermore, promotional materials must be approved by the FDA prior to use for any drug receiving accelerated approval, the pathway we are pursuing for an initial marketing approval of brincidofovir in the United States for prevention of CMV in HCT recipients.

In addition, manufacturers of drug products and their facilities are subject to payment of user fees and continual review and periodic inspections by regulatory authorities for compliance with current good manufacturing practices (cGMP), and adherence to commitments made in the application. If we, or a regulatory agency, discover previously unknown problems with a product, such as quality issues or AEs of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of manufacturing.

If we fail to comply with applicable regulatory requirements following approval of our product candidate, a regulatory agency may:

- issue an untitled or warning letter asserting that we are in violation of the law;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve a pending application or supplements to an application submitted by us;
- recall and/or seize product; or
- refuse to allow us to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize brincidofovir and our other product candidates and inhibit our ability to generate revenues.

Even if we obtain FDA approval for brincidofovir or any of our other products in the United States, we may never obtain approval for or commercialize brincidofovir or any of our other products outside of the United States, which would limit our ability to realize their full market potential.

In order to market any products outside of the United States, we must establish and comply with numerous and varying regulatory requirements on a country-by-country basis regarding safety and efficacy. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions. In addition, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not guarantee regulatory approval in any other country. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approval could result in difficulties and costs for us and require additional preclinical studies or clinical trials which could be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. We do not have any product candidates approved for sale in any jurisdiction, including international markets, and we do not have experience in obtaining regulatory approval in any markets. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, or if regulatory approvals in international markets are delayed, our target market will be reduced and our ability to realize the full market potential of our products will be unrealized.

Our relationships with investigators, health care professionals, consultants, third-party payers, and customers are subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and others play a primary role in the recommendation and prescribing of any products for which we obtain marketing approval. Our current business operations and future arrangements with investigators, healthcare professionals, consultants, third-party payers and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations. These laws may constrain the business or financial arrangements and relationships through which we research, market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include, but are not limited to, the following:

- the federal healthcare anti-kickback statute which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or service, for which payment may be made, in whole or in part, under federal healthcare programs such as Medicare and Medicaid;
- the federal civil and criminal false claims laws and civil monetary penalties, including civil whistleblower or *qui tam* actions, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, to the federal government, claims for payment or approval that are false or fraudulent or from knowingly making a false statement to improperly avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) which, among other things, imposes criminal liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payer (e.g., public or private) and knowingly or willfully falsifying, concealing or covering up by any trick or device

a material fact or making any materially false statement in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH) and its implementing regulations, and as amended again by the final HIPAA omnibus rule, Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under HITECH and the Genetic Information Nondiscrimination Act; Other Modifications to HIPAA, published in January 2013, which imposes certain obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information without appropriate authorization by entities subject to the rule, such as health plans, clearinghouses and healthcare providers;
- the federal Food, Drug and Cosmetic Act (FDCA) which prohibits, among other things, the adulteration or misbranding of drugs and devices;
- the federal transparency law, enacted as part of the Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010 (collectively, the Health Care Reform Law), and its implementing regulations, which requires manufacturers of drugs, devices, biologicals and medical supplies to report to the U.S. Department of Health and Human Services information related to payments and other transfers of value made to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and
- analogous state laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by state governmental and non-governmental third-party payers, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; and state laws and regulations that require manufacturers to file reports relating to pricing and marketing information, which requires tracking gifts and other remuneration and items of value provided to healthcare professionals and entities.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these or any other health regulatory laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our financial results. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses or divert our management's attention from the operation of our business. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they also may be subject to criminal, civil or administrative sanctions, including, but not limited to, exclusions from government funded healthcare programs, which could also materially affect our business.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any products for which we obtain marketing approval.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Medicare Modernization Act) changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for physician-administered drugs. In addition, this legislation provided authority for limiting the number of drugs that will be covered in any therapeutic class. Cost reduction initiatives and other provisions of this legislation could decrease the coverage and price that we receive for any approved products. While the Medicare Modernization Act applies only to drug benefits for Medicare beneficiaries, private payers often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the Medicare Modernization Act may result in a similar reduction in payments from private payers.

More recently, in March 2010, the Health Care Reform Law was enacted to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for health care and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms.

The Health Care Reform Law revises the definition of “average manufacturer price” for reporting purposes, which could increase the amount of Medicaid drug rebates to states. Further, the new law imposes a significant annual fee on companies that manufacture or import branded prescription drug products. New provisions affecting compliance have also been enacted, which may affect our business practices with health care practitioners. We will not know the full effects of the Health Care Reform Law until applicable federal and state agencies issue regulations or guidance under the new law.

Although it is too early to determine the effect of the Health Care Reform Law, the new law appears likely to continue the pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We are not sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be.

Risks Related to Our Reliance on Third Parties

We rely on third-party manufacturers to produce our preclinical and clinical drug supplies, and we intend to rely on third parties to produce commercial supplies of any approved product candidates.

We do not own or operate, and we do not expect to own or operate, facilities for product manufacturing, storage and distribution, or testing. In the past, we have relied on third-party manufacturers for supply of our preclinical and clinical drug supplies. We expect that in the future we will continue to rely on such manufacturers for drug supply that will be used in clinical trials of our product candidates, including brincidofovir, and for commercialization of any of our product candidates that receive regulatory approval.

Our reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured our product candidates ourselves, including:

- inability to meet our product specifications and quality requirements consistently;
- delay or inability to procure or expand sufficient manufacturing capacity;
- manufacturing and product quality issues related to scale-up of manufacturing;
- costs and validation of new equipment and facilities required for scale-up;
- failure to comply with cGMP and similar foreign standards;
- inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us;
- reliance on a limited number of sources, and in some cases, single sources for product components, such that if we are unable to secure a sufficient supply of these product components, we will be unable to manufacture and sell our product candidates in a timely fashion, in sufficient quantities or under acceptable terms;
- lack of qualified backup suppliers for those components that are currently purchased from a sole or single source supplier;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier;
- carrier disruptions or increased costs that are beyond our control; and
- failure to deliver our products under specified storage conditions and in a timely manner.

Any of these events could lead to clinical study delays, failure to obtain regulatory approval or impact our ability to successfully commercialize our products. Some of these events could be the basis for FDA action, including injunction, recall, seizure, or total or partial suspension of production.

We rely on limited sources of supply for the drug component for our lead product candidate, brincidofovir, and any disruption in the chain of supply may cause delay in developing and commercializing brincidofovir.

Manufacturing of drug components is subject to certain FDA and comparable foreign qualifications with respect to manufacturing standards. We are currently transferring the drug substance manufacturing process to our selected contractor that will produce the commercial supply of drug substance and are currently evaluating manufacturers to optimize tablet and suspension formulation production to meet forecasted commercial demand. There can be no assurance that such transfer will be successful. It is our expectation that only one supplier of drug substance and one supplier of drug product will be qualified as vendors with the FDA.

If supply from an approved vendor is interrupted, there could be a significant disruption in commercial supply of brincidofovir. An alternative vendor would need to be qualified through an NDA supplement which could result in further delay. The FDA or other regulatory agencies outside of the United States may also require additional studies if a new drug substance or drug product supplier is relied upon for commercial production.

These factors could cause the delay of clinical trials, regulatory submissions, required approvals or commercialization of brincidofovir, and cause us to incur additional costs. Furthermore, if our suppliers fail to deliver the required commercial quantities of active pharmaceutical ingredient on a timely basis and at commercially reasonable prices, and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical trials for brincidofovir may be delayed, which could inhibit our ability to generate revenues.

Manufacturing issues may arise that could increase product and regulatory approval costs or delay commercialization of brincidofovir.

We have validated processes for drug substance and drug product production for brincidofovir at scales that are well in excess of our anticipated commercial scale. We are currently revalidating our drug substance and drug product processes using our current commercial processes at our intended commercial scale with our intended commercial manufacturers.

The validation processes, along with ongoing stability studies and analyses we are conducting, may reveal difficulties in our processes which could require resolution in order to proceed with our planned clinical trials and obtain regulatory approval for the commercial marketing of brincidofovir. In the future, we may identify significant impurities, which could result in increased scrutiny by the regulatory agencies, delays in clinical program and regulatory approval for brincidofovir, increases in our operating expenses, or failure to obtain or maintain approval for brincidofovir.

We depend on the continuation of our current collaboration with ContraVir Pharmaceuticals, who is currently responsible for developing and commercializing CMX157.

In December 2014, we entered into a licensing arrangement with ContraVir, whereby ContraVir is responsible for the future development and commercialization of CMX157. Under this arrangement, ContraVir is responsible for conducting preclinical studies and clinical trials, obtaining required regulatory approvals for CMX157, and manufacturing and commercializing CMX157. Our right to receive milestone and royalty payments under the licensing agreement depends on the achievement of certain development, regulatory and commercial milestones by ContraVir.

The development and commercialization of CMX157 and our ability to receive potential milestones and royalty payments under the license agreement with ContraVir, would be adversely affected if ContraVir:

- does not devote sufficient time and resources to the development and commercialization of CMX157;
- develops, either alone or with others, products that compete with CMX157;
- fails to gain the requisite regulatory approvals for CMX157;
- does not successfully commercialize CMX157;
- does not conduct its activities in a timely manner;
- terminates its license with us;
- does not effectively pursue and enforce intellectual property rights relating to CMX157; or
- merges with a third-party that wants to terminate the collaboration.

We have limited or no control over the occurrence of any of the foregoing. Furthermore, disagreements with ContraVir could lead to litigation or arbitration, which could be time-consuming and expensive. If any of these issues arise, it may delay the development and commercialization milestones and royalties based on further development and sales of CMX157.

We rely on third parties to conduct, supervise and monitor our clinical studies, and if those third parties perform in an unsatisfactory manner, it may harm our business.

We rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials. While we have agreements governing their activities, we have limited influence over their actual performance. We have relied and plan to continue to rely upon CROs to monitor and manage data for our ongoing clinical programs for brincidofovir and our other product candidates, as well as the execution of nonclinical studies. We control only certain aspects of our CROs' activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on CROs does not relieve us of our regulatory responsibilities.

We and our CROs are required to comply with the FDA's guidance, which follows the International Conference on Harmonization Good Clinical Practice (ICH GCP), which are regulations and guidelines enforced by the FDA for all of our product candidates in clinical development. The FDA enforces the ICH GCP through periodic inspections of trial sponsors, principal investigators and clinical trial sites. If we or our CROs fail to comply with the ICH GCP, the clinical data generated in our clinical trials may be deemed unreliable and the FDA may require us to perform additional clinical trials before approving our marketing applications. For example, upon inspection, the FDA may determine that our Phase 3 clinical trial for brincidofovir, SUPPRESS, does not comply with the ICH GCP. In addition, our Phase 3 clinical trials for brincidofovir will require a sufficiently large number of test subjects to evaluate the safety and effectiveness of brincidofovir. Accordingly, if our CROs fail to comply with these regulations or fail to recruit a sufficient number of subjects, we may be required to repeat these Phase 3 clinical trials, which would delay the regulatory approval process.

Our CROs are not our employees, and we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and nonclinical programs. These CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical studies, or other drug development activities which could harm our competitive position. We face the risk of potential unauthorized disclosure or misappropriation of our intellectual property by CROs, which may reduce our trade secret protection and allow our potential competitors to access and exploit our proprietary technology.

If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for any other reasons, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize brincidofovir or our other product candidates. Disagreements with our CROs over contractual issues, including performance, compliance or compensation could lead to termination of CRO agreements and/or delays in our clinical program and risks to the accuracy and usability of clinical data. As a result, our financial results and the commercial prospects for brincidofovir and any other product candidates that we develop would be harmed, our costs could increase, and our ability to generate revenues could be delayed.

Risks Related to Commercialization of Our Product Candidates

The commercial success of brincidofovir and our other product candidates will depend upon the acceptance of these products by the medical community, including physicians, patients, pharmacists and health care payers.

If any of our product candidates, including brincidofovir, receive marketing approval, they may nonetheless not gain sufficient market acceptance by physicians, patients, healthcare payers and others in the medical community. If these products do not achieve an adequate level of market acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of any of our product candidates, including brincidofovir, will depend on a number of factors, including:

- demonstration of clinical safety and efficacy in our clinical trials;
- relative convenience, ease of administration and acceptance by physicians, patients, pharmacists and health care payers;
- prevalence and severity of any AEs;
- limitations or warnings contained in the FDA-approved label for the relevant product candidate;
- availability of alternative treatments;
- pricing and cost-effectiveness;
- effectiveness of our or any future collaborators' sales and marketing strategies;
- ability to obtain hospital formulary approval;
- ability to ensure availability for product through appropriate channel manager;
- ability to maintain adequate inventory; and
- ability to obtain and maintain sufficient third-party coverage or reimbursement, which may vary from country to country.

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 any revenue.

We currently do not have an organization for the sales and distribution of pharmaceutical products. The cost of establishing and maintaining such an organization may exceed the cost-effectiveness of doing so. In order to market any products that may be approved, including brincidofovir, we must establish our sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services. We may enter into strategic partnerships with third parties to

commercialize our product candidates outside of the United States, including for brincidofovir. We intend to build our own sales force and to commercialize brincidofovir in the United States, but we will also consider the option to enter into strategic partnerships for our product candidates in the United States and elsewhere.

Our strategy for brincidofovir is to develop a specialty sales force and/or collaborate with third parties to promote the product to healthcare professionals and third-party payers in the United States and elsewhere. Our future collaboration partners, if any, may not dedicate sufficient resources to the commercialization of our product candidates or may otherwise fail in their commercialization due to factors beyond our control. If we are unable to establish effective collaborations to enable the sale of our product candidates to healthcare professionals and in geographical regions, including the United States, that are not covered by our own marketing and sales force, or if our potential future collaboration partners do not successfully commercialize our product candidates, our ability to generate revenues from product sales, including sales of brincidofovir, will be adversely affected.

Establishing an internal sales force involves many challenges, including:

- recruiting and retaining talented people;
- training employees that we recruit;
- establishing compliance standards;
- setting the appropriate system of incentives;
- managing additional headcount; and
- integrating a new business unit into an existing corporate architecture.

If we are unable to establish our own sales force or negotiate a strategic partnership for the commercialization of brincidofovir in any markets, we may be forced to delay the potential commercialization of brincidofovir in those markets, reduce the scope of our sales or marketing activities for brincidofovir in those markets or undertake the commercialization activities for brincidofovir in those markets at our own expense. If we elect to increase our expenditures to fund commercialization activities ourselves, we will need to obtain additional capital, which may not be available to us on acceptable terms, or at all. If we do not have sufficient funds, we will not be able to bring brincidofovir to market or generate product revenue. Limited or lack of funding will impede our ability to achieve successful commercialization.

If we are unable to establish adequate sales, marketing and distribution capabilities, whether independently or with third parties, we may not be able to generate sufficient product revenue and may not become profitable. We will be competing with many companies that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

In addition, there are risks involved with both establishing our own sales and marketing capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force is expensive and time-consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales, marketing and market access personnel.

If we obtain approval to commercialize any products outside of the United States, a variety of risks associated with international operations could materially adversely affect our business.

If our product candidates are approved for commercialization, we may enter into agreements with third parties to market those product candidates outside the United States, including for brincidofovir. We expect that we will be subject to additional risks related to entering into international business relationships, including:

- different regulatory requirements for drug approvals in foreign countries;
- reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory and labor requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and

- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires.

We have limited experience in these areas. In addition, there are complex regulatory, tax, labor and other legal requirements imposed by both the European Union and many of the individual countries in Europe with which we will need to comply. Many U.S.-based biopharmaceutical companies have found the process of marketing their own products outside the United States to be very challenging.

We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.

The biotechnology and pharmaceutical industries are intensely competitive. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies and universities and other research institutions.

Currently the only approved antiviral treatment for CMV in HCT patients is Cytovene® (ganciclovir), although other antivirals, such as Valcyte® (valganciclovir), Foscavir® (foscarnet), Zovirax® (acyclovir) and Vistide® (cidofovir) are used. Ganciclovir, foscarnet, cidofovir, and valganciclovir are currently generically available. We are aware of several companies that are working specifically to develop drugs that would compete against brincidofovir for the prevention or treatment of CMV, including Merck & Co., Inc.'s development of letermovir, Shire Plc's development of maribavir and Vical Incorporated's and Astellas Pharma US, Inc.'s development of ASP0113 (TransVax), and the additional availability of patient-specific T-cell therapies targeting antigens for CMV and other dsDNA viruses. Many of our competitors have substantially greater financial, technical, commercial and other resources, such as larger research and development staff, stronger intellectual property portfolios and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors.

Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring or licensing, on an exclusive basis, drug products that are more effective or less costly than brincidofovir or any other drug candidate that we are currently developing or that we may develop.

We will face competition from other drugs currently approved or that will be approved in the future for the same indications. Therefore, our ability to compete successfully will depend largely on our ability to:

- discover and develop medicines that are superior to other products in the market;
- demonstrate through our clinical trials that our product candidates, including brincidofovir, are differentiated from existing and future therapies;
- evaluate new potential indications across the lifecycle of brincidofovir;
- attract qualified scientific, product development and commercial personnel;
- obtain and successfully defend and enforce patent and/or other proprietary protection for our medicines and technologies;
- obtain required regulatory approvals;
- successfully collaborate with pharmaceutical companies in the discovery, development and commercialization of new medicines; and
- negotiate competitive pricing and reimbursement with third-party payers.

The availability of our competitors' products could limit the demand, and the price we are able to charge, for brincidofovir and any other product candidate we develop. We will not achieve our business plan if the acceptance of brincidofovir is inhibited by price competition or reimbursement issues or the reluctance of physicians to switch from existing drug products to brincidofovir, or if physicians switch to other new drug products or choose to reserve brincidofovir for use in limited circumstances. The inability to compete with existing or subsequently introduced drug products would have a material adverse impact on our business, financial condition and prospects.

Established pharmaceutical companies may invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make our product candidates, including brincidofovir, less competitive. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. Accordingly, our competitors may succeed in obtaining patent protection, receiving FDA approval or discovering, developing and commercializing medicines before we do, which would have a material adverse impact on our business.

Hospital formulary approval and reimbursement may not be available for brincidofovir and our other product candidates, which could make it difficult for us to sell our products profitably.

Obtaining hospital formulary approval can be an expensive and time consuming process. We cannot be certain if and when we will obtain formulary approval to allow us to sell our product candidates, including brincidofovir, into our target markets. Failure to obtain timely formulary approval will limit our commercial success.

Furthermore, market acceptance and sales of brincidofovir, or any other product candidates that we develop, will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payers, such as private health insurers, hospitals and health maintenance organizations, decide which drugs they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Obtaining reimbursement for our products may be particularly difficult because of the higher prices often associated with products administered under the supervision of a physician. We cannot be sure that reimbursement will be available for brincidofovir, or any other product candidates.

Also, reimbursement amounts may reduce the demand for, or the price of, our products. If reimbursement is not available, or is available only to limited levels, we may not be able to successfully commercialize brincidofovir, or any other product candidates that we develop.

There have been a number of legislative and regulatory proposals to change the healthcare system in the United States and in some foreign jurisdictions that could affect our ability to sell any future products profitably. These legislative and regulatory changes may negatively impact the reimbursement for any future products, following approval. The availability of generic treatments may also substantially reduce the likelihood of reimbursement for any future products, including brincidofovir. The application of user fees to generic drug products will likely expedite the approval of additional generic drug treatments. We expect to experience pricing pressures in connection with the sale of brincidofovir and any other product candidate that we develop, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. In addition, there may be significant delays in obtaining reimbursement for approved products, and coverage may be more limited than the purposes for which the product is approved by the FDA or regulatory authorities in other countries. Moreover, eligibility for reimbursement does not imply that any product will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new products, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the product and the clinical setting in which it is used, may be based on payments allowed for lower cost products that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for products may be reduced by mandatory discounts or rebates required by government healthcare programs or private payers and by any future relaxation of laws that presently restrict imports of products from countries where they may be sold at lower prices than in the United States. Third-party payers often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies.

Our inability to promptly obtain coverage and profitable payment rates from both government funded and private payers for any of our product candidates, including brincidofovir, could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

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.

The success of our business depends primarily upon our ability to identify, develop and commercialize product candidates. Because we have limited financial and managerial resources, we focus on research programs and product candidates for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or other indications that later prove to have greater commercial potential.

Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for a number of reasons, including:

- our research methodology or that of our collaboration partners may be unsuccessful in identifying potential product candidates;
- our potential product candidates may be shown to have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval; and

- our collaboration partners may change their development profiles for potential product candidates or abandon a therapeutic area.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, which would have a material adverse effect on our business and could potentially cause us to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. We may focus our research efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been advantageous for us to retain sole development and commercialization rights.

Risks Related to Our Intellectual Property

If we are unable to obtain or protect intellectual property rights related to our products and product candidates, we may not be able to compete effectively in our market.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our products and product candidates. The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications that we own or in-license may fail to result in issued patents with claims that cover the products in the United States or in other countries. If this were to occur, early generic competition could be expected against brincidofovir and any other product candidates in development. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which can invalidate a patent or prevent a patent from issuing based on a pending patent application. Even if patents do successfully issue, third parties may challenge their validity, enforceability, scope or ownership, which may result in such patents, or our rights to such patents, being narrowed or invalidated.

Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims. If the patent applications we hold or license with respect to brincidofovir fail to issue or if their breadth or strength of protection is threatened, it could dissuade companies from collaborating with us to develop, and threaten our ability to commercialize, our products. We cannot offer any assurances about which, if any, patents will issue or whether any issued patents will be found not invalid and not unenforceable, will go unthreatened by third parties or will adequately protect our products and product candidates. Further, if we encounter delays in regulatory approvals, the period of time during which we could market brincidofovir under patent protection could be reduced. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors were the first to file any patent application related to brincidofovir or our other product candidates. Furthermore, if third parties have filed such patent applications, an interference proceeding in the United States can be provoked by a third party or instituted by us to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license it from the prevailing party, which may not be possible. In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable, processes for which patents are difficult to enforce and other elements of our drug discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. Although we expect all of our employees to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed, that such agreements provide adequate protection and will not be breached, that our trade secrets and other confidential proprietary information will not otherwise be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

Further, the laws of some foreign countries do not protect patents and other proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property abroad. We may also fail to pursue or obtain patents and other intellectual property protection relating to our products and product candidates in all foreign countries.

Finally, certain of our activities and our licensors' activities have been funded, and may in the future be funded, by the U.S. federal government. When new technologies are developed with U.S. federal government funding, the government obtains certain rights

in any resulting patents, including a nonexclusive license authorizing the government to use the invention for non-commercial purposes. These rights may permit the government to disclose our confidential information to third parties and to exercise “march-in” rights to use or allow third parties to use our patented technology. The government can exercise its march-in rights if it determines that action is necessary because we fail to achieve practical application of the U.S. government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations or to give preference to U.S. industry. In addition, U.S. government-funded inventions must be reported to the government, U.S. government funding must be disclosed in any resulting patent applications, and our rights in such inventions may be subject to certain requirements to manufacture products in the United States.

Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts or otherwise affect our business.

Our commercial success depends in part on our avoiding infringement and other violations of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions and inter party reexamination proceedings before the United States Patent and Trademark Office (U.S. PTO) and its foreign counterparts. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we and our collaborators are developing product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, and as we gain greater visibility and market exposure as a public company, the risk increases that our product candidates or other business activities may be subject to claims of infringement of the patent and other proprietary rights of third parties. Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of brincidofovir and/or our other product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that our product candidates may infringe. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product candidate unless we obtained a license under the applicable patents, or until such patents expire.

Similarly, if any third-party patent were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or methods of use, including combination therapy, the holders of any such patent may be able to block our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires. In either case, such a license may not be available on commercially reasonable terms or at all. In addition, we may be subject to claims that we are infringing other intellectual property rights, such as trademarks or copyrights, or misappropriating the trade secrets of others, and to the extent that our employees, consultants or contractors use intellectual property or proprietary information owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful infringement or other intellectual property claim against us, we may have to pay substantial damages, including treble damages and attorneys’ fees for willful infringement, obtain one or more licenses from third parties, pay royalties or redesign our affected products, which may be impossible or require substantial time and monetary expenditure. We cannot predict whether any such license would be available at all or whether it would be available on commercially reasonable terms. Furthermore, even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates, and we have done so from time to time. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our products or product candidates, resulting in either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties.

We license certain key intellectual property from third parties, and the loss of our license rights could have a materially adverse effect on our business.

We are a party to a number of technology licenses that are important to our business and expect to enter into additional licenses in the future. For example, we rely on an exclusive license to certain patents, proprietary technology and know-how from The Regents of the University of California (UC), which we believe cover brincidofovir. If we fail to comply with our obligations under our agreement with UC or our other license agreements, or we are subject to a bankruptcy, the licensor may have the right

to terminate the license, in which event we would not be able to develop or market products covered by the license, including in the case of the UC license, brincidofovir, which would have a materially adverse effect on our business.

We may be involved in lawsuits to protect or enforce our patents, the patents of our licensors or our other intellectual property rights, which could be expensive, time consuming and unsuccessful.

Competitors may infringe or otherwise violate our patents, the patents of our licensors or our other intellectual property rights. To counter infringement or unauthorized use, we may be required to file legal claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours or our licensors is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing. The initiation of a claim against a third party may also cause the third party to bring counter-claims against us.

We may not be able to prevent, alone or with our licensors, misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States. Our business could be harmed if in a litigation the prevailing party does not offer us a license on commercially reasonable terms. Any litigation or other proceedings to enforce our intellectual property rights may fail, and even if successful, may result in substantial costs and distract our management and other employees.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the U.S. PTO and foreign patent agencies in several stages over the lifetime of the patent. The U.S. PTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process.

While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors that control the prosecution and maintenance of our licensed patents fail to maintain the patents and patent applications covering our product candidates, we may lose our rights and our competitors might be able to enter the market, which would have a material adverse effect on our business.

Risks Related to Our United States Government Contracts and Grants

All of our immediately foreseeable future revenues to support the development of brincidofovir for the treatment of smallpox are dependent upon our contract with the Biomedical Advanced Research and Development Authority (BARDA), and if we do not receive all of the funds under the BARDA contract we anticipate that we will suspend or terminate our smallpox program.

Substantially all of our revenues that support the development of brincidofovir for the treatment of smallpox have been derived from prior government grants and our current contract with BARDA. Our contract with BARDA is for the development of brincidofovir for the treatment of smallpox. It is divided into a base segment and four option segments. We substantially completed performance under the first option segment of the contract in August 2014 and are currently performing under the second option segments of the contract which is scheduled to end in November 2015. Subsequent option segments are not subject to automatic renewal and are not exercisable at our discretion. There can be no assurance that we will reach agreement with BARDA on the most appropriate development pathway or that the FDA will ultimately agree with the experiments which we perform or the appropriateness of the results of these experiments for approval of brincidofovir for smallpox. In addition, there can be no assurance that any of the subsequent option segments will be exercised or that we will continue to receive revenues under this contract once the current option segment is completed. We do not anticipate continuing this program without ongoing support from BARDA.

Additionally, the contract provides for reimbursement of the costs of the development of brincidofovir for the treatment of smallpox that are allowable under the Federal Acquisition Regulation (FAR), plus the payment of a fixed fee. It does not include the manufacture of brincidofovir for the Strategic National Stockpile. There can be no assurances that this contract will continue, that BARDA will extend the contract for additional option segments, that any such extension would be on favorable terms, or that we will be able to enter into new contracts with the United States government to support our smallpox program. Changes in government budgets and agendas may result in a decreased and de-prioritized emphasis on supporting the discovery and development of brincidofovir for the treatment of smallpox. In such event, BARDA is not required to continue funding our existing contract. Any such reduction in our revenues from BARDA or any other government contract could materially adversely affect our financial condition and results of operations. In addition, if we do not receive all of the funds under the BARDA contract, we anticipate that we will suspend or terminate our program for the development of brincidofovir for the treatment of smallpox.

There can be no assurances that we will be able to enter into a contract with BARDA to act as the sole supplier for the procurement of brincidofovir for the treatment of smallpox.*

On April 13, 2015, BARDA posted a notice of intent to use other than full and open competition to award a sole source contract to us for the procurement of brincidofovir for the treatment of smallpox. BARDA anticipates that it will announce the award of this contract in the fourth quarter of government fiscal year 2015. Notwithstanding the announcement from BARDA, there can be no assurances that we will enter into a contract with BARDA to act as the sole supplier for the procurement of brincidofovir for the treatment of smallpox. Before we can enter into the contract BARDA must prepare and obtain approval of a justification for the use of other than full and open competition and we must negotiate its terms, including the price and delivery schedule of brincidofovir for the treatment of smallpox. The execution of the contract is also subject to an open comment period, during which third-parties can present evidence for the purpose of persuading BARDA to conduct a competitive procurement process, which if successful, could nullify BARDA's current intention to enter into a sole source contract with us. Additionally, as a governmental agency, BARDA's ability to enter into a contract is subject to continued funding for this purpose, which can change at any time. If we are not successful in entering into a contract with BARDA, we would not be eligible to obtain funding from BARDA for the procurement of brincidofovir for the treatment of smallpox.

Unfavorable provisions in government contracts, including our contract with BARDA, may harm our business, financial condition and operating results.

United States government contracts typically contain unfavorable provisions and are subject to audit and modification by the government at its sole discretion, which will subject us to additional risks. For example, under our contract with BARDA, the U.S. government has the power to unilaterally:

- audit and object to any BARDA contract-related costs and fees on grounds that they are not allowable under the FAR, and require us to reimburse all such costs and fees;
- suspend or prevent us for a set period of time from receiving new contracts or extending our existing contract based on violations or suspected violations of laws or regulations;
- claim nonexclusive, nontransferable rights to product manufactured and intellectual property developed under the BARDA contract and may, under certain circumstances, such as circumstances involving public health and safety, license such inventions to third parties without our consent;
- cancel, terminate or suspend our BARDA contract based on violations or suspected violations of laws or regulations;
- terminate our BARDA contract in whole or in part for the convenience of the government for any reason or no reason, including if funds become unavailable to the applicable governmental agency;
- reduce the scope and value of our BARDA contract;
- decline to exercise an option to continue the BARDA contract;
- direct the course of a development program in a manner not chosen by the government contractor;
- require us to perform the option segments even if doing so may cause us to forego or delay the pursuit of other opportunities with greater commercial potential;
- take actions that result in a longer development timeline than expected; and
- change certain terms and conditions in our BARDA contract.

The U.S. government also has the right to terminate the BARDA contract if termination is in the government's interest, or if we default by failing to perform in accordance with the milestones set forth in the contract. Termination-for-convenience provisions generally enable us to recover only our costs incurred or committed (plus a portion of the agreed fee) and settlement expenses on the work completed prior to termination. Except for the amount of services received by the government, termination-for-default provisions do not permit recovery of fees.

In addition, we must comply with numerous laws and regulations that affect how we conduct business with the United States government. Among the most significant government contracting regulations that affect our business are:

- FAR, and agency-specific regulations supplements to the FAR, which comprehensively regulate the procurement, formation, administration and performance of government contracts and implement federal procurement policy in numerous areas, such as employment practices, protection of the environment, accuracy and retention periods of records, recording and charging of costs, treatment of laboratory animals and human subject research;
- business ethics and public integrity obligations, which govern conflicts of interest and the hiring of former government employees, restrict the granting of gratuities and funding of lobbying activities and incorporate other requirements such as the Anti-Kickback Act and the Foreign Corrupt Practices Act;
- export and import control laws and regulations; and
- laws, regulations and executive orders restricting the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

Furthermore, we may be required to enter into agreements and subcontracts with third parties, including suppliers, consultants and other third-party contractors, in order to satisfy our contractual obligations pursuant to our agreements with the U.S. government. Negotiating and entering into such arrangements can be time-consuming and we may not be able to reach agreement with such third parties. Any such agreement must also be compliant with the terms of our government contract. Any delay or inability to enter into such arrangements or entering into such arrangements in a manner that is non-compliant with the terms of our contract, may result in violations of our contract.

As a result of these unfavorable provisions, we must undertake significant compliance activities. The diversion of resources from commercial programs to these compliance activities, as well as the exercise by the U.S. government of any rights under these provisions, could materially harm our business.

Our business is subject to audit by the U.S. government, including under our contract with BARDA, and a negative audit could adversely affect our business.

United States government agencies, such as the Department of Health and Human Services (DHHS), routinely audit and investigate government contractors and recipients of federal grants, including our contract with BARDA. These agencies review a contractor's performance under its contracts, cost structure and compliance with applicable laws, regulations and standards.

The DHHS can also review the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including:

- termination of contracts;
- forfeiture of profits;
- suspension of payments;
- fines; and
- suspension or prohibition from conducting business with the U.S. government.

In addition, we could suffer serious reputational harm if allegations of impropriety were made against us by the U.S. government, which could adversely affect our business.

Agreements with government agencies may lead to claims against us under the Federal False Claims Act, and these claims could result in substantial fines and other penalties.

The biopharmaceutical industry is, and in recent years has been, under heightened scrutiny as the subject of government investigations and enforcement actions. Our BARDA contract is subject to substantial financial penalties under the Federal Civil Monetary Penalties Act and the Federal Civil False Claims Act (False Claims Act). The False Claims Act imposes liability on any person who, among other things, knowingly presents, or causes to be presented, a false record or statement material to a false or fraudulent claim paid or approved by the government. Under the False Claims Act's "whistleblower" provisions, private enforcement of fraud claims against businesses on behalf of the U.S. government has increased due in part to amendments to the False Claims Act that encourage private individuals to sue on behalf of the government. These whistleblower suits, known as *qui tam* actions, may be filed by private individuals, including present and former employees. The False Claims Act provides for treble damages and up to \$11,000 per false claim. If our operations are found to be in violation of any of these laws, or any other

governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs, and the curtailment or restructuring of our operations. Any penalties, damages, fines, exclusions, curtailment, or restructuring of our operations could adversely affect our ability to operate our business and our financial results.

Risks Related to Our Business Operations and Industry

Increasing demand for compassionate use of our unapproved therapies could result in losses.

We are developing brincidofovir for life-threatening illness for which there are currently limited to no available therapeutic options. During 2014, we were the target of an active and disruptive social media campaign related to a request for access to our unapproved drug, brincidofovir. If we experience similar social media campaigns in the future, we may experience significant disruption to our business which could result in losses.

Recent media attention to individual patients' expanded access requests has resulted in the introduction of legislation at the local and national level referred to as "Right to Try" laws which are intended to give patients access to unapproved therapies. New and emerging legislation regarding expanded access to unapproved drugs for life-threatening illnesses could negatively impact our business in the future.

A possible consequence of both activism and legislation in this area is the need for us to initiate an unanticipated expanded access program or to make brincidofovir more widely available sooner than anticipated. We are a small company with limited resources and unanticipated trials could result in diversion of resources from our primary goals.

In addition, patients who receive access to unapproved drugs through compassionate use or expanded access programs have life-threatening illnesses and have exhausted all other available therapies. The risk for adverse events in this patient population is high which could have a negative impact on the safety profile of brincidofovir, which could cause significant delays or an inability to successfully commercialize brincidofovir, which would materially harm our business.

If we fail to comply with the extensive legal and regulatory requirements affecting the health care industry, we could face increased costs, delays in the development of our product candidates, penalties and a loss of business.

Our activities, and the activities of our collaborators, partners and third-party providers, are subject to extensive government regulation and oversight both in the United States and in foreign jurisdictions. The FDA and comparable agencies in other jurisdictions directly regulate many of our most critical business activities, including the conduct of preclinical and clinical studies, product manufacturing, advertising and promotion, product distribution, adverse event reporting and product risk management. States increasingly have been placing greater restrictions on the marketing practices of healthcare companies. In addition, pharmaceutical and biotechnology companies have been the target of lawsuits and investigations alleging violations of government regulations, including claims asserting submission of incorrect pricing information, impermissible off-label promotion of pharmaceutical products, payments intended to influence the referral of federal or state healthcare business, submission of false claims for government reimbursement, antitrust violations, violations of the Foreign Corrupt Practices Act, or violations related to environmental matters. Violations of governmental regulation may be punishable by criminal and civil sanctions, including fines and civil monetary penalties and exclusion from participation in government programs, including Medicare and Medicaid. In addition to penalties for violation of laws and regulations, we could be required to delay or terminate the development of our product candidates, or we could be required to repay amounts we received from government payers, or pay additional rebates and interest if we are found to have miscalculated the pricing information we have submitted to the government. Whether or not we have complied with the law, an investigation into alleged unlawful conduct could increase our expenses, damage our reputation, divert management time and attention and adversely affect our business.

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the principal members of our executive team. While we have entered into employment agreements or offer letters with each of our executive officers, any of them could leave our employment at any time, as all of our employees are "at will" employees. We do not maintain "key person" insurance for any of our executives or other employees. Recruiting and retaining other qualified employees for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled executives in our industry, which is likely to continue. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. In addition, failure of any of our clinical studies may make it more challenging to recruit and retain qualified personnel. The inability to recruit or

loss of the services of any executive or key employee may adversely affect the progress of our research, development and commercialization objectives.

In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us, which could also adversely affect the progress of our research, development and commercialization objectives.

We will need to expand our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.*

As of March 31, 2015, we had 83 full-time employees. As our company matures, we expect to expand our employee base to increase our managerial, clinical, scientific and engineering, operational, sales, and commercial teams. Future growth would impose significant additional responsibilities on our management, including the need to identify, recruit, maintain, motivate and integrate additional employees, consultants and contractors. Also, our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenues could be reduced, and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize brincidofovir and our other product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth.

Potential product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

The use of our product candidates, including brincidofovir, in clinical studies and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by consumers, health care providers, pharmaceutical companies or others selling or otherwise coming into contact with our products. On occasion, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated adverse effects. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation and significant negative media attention;
- withdrawal of participants from our clinical studies;
- significant costs to defend the related litigation and related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- inability to commercialize our product candidates, including brincidofovir; and
- decreased demand for our product candidates, if approved for commercial sale.

We currently carry \$10.0 million in product liability insurance covering our clinical trials. Our current product liability insurance coverage may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive and in the future we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. If and when we obtain marketing approval for our product candidates, we intend to expand our insurance coverage to include the sale of commercial products; however, we may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. A successful product liability claim or series of claims brought against us could cause our stock price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business.

Risk Related To Our Common Stock

The market price of our common stock is likely to be volatile, and you may not be able to resell your shares at or above your purchase price.

Prior to our initial public offering (IPO) in 2013, there was no public market for our common stock. The trading price of our common stock is likely to be volatile for the foreseeable future. Our stock price could be subject to wide fluctuations in response to a variety of factors, including the following:

- results of clinical trials of our product candidates or those of our competitors;
- any delay in filing an application for any of our product candidates and any adverse development or perceived adverse development with respect to regulatory review of that application;
- failure to successfully develop and commercialize our product candidates, including brincidofovir;
- termination of any of our license or collaboration agreements;
- any agency or judicial enforcement actions against us;
- inability to obtain additional funding;
- regulatory or legal developments in the United States and other countries applicable to our product candidates;
- adverse regulatory decisions;
- changes in the structure of healthcare payment systems;
- inability to obtain adequate product supply for our product candidates, or the inability to do so at acceptable prices;
- introduction of new products, services or technologies by our competitors;
- failure to meet or exceed financial projections we provide to the public;
- failure to meet or exceed the estimates and projections of the investment community;
- changes in the market valuations of similar companies;
- market conditions in the pharmaceutical and biotechnology sectors, and the issuance of new or changed securities analysts' reports or recommendations;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- significant lawsuits (including patent or stockholder litigation), and disputes or other developments relating to proprietary rights (including patents, litigation matters and our ability to obtain patent protection for our technologies);
- additions or departures of key scientific or management personnel;
- sales of our common stock by us or our stockholders in the future;
- trading volume of our common stock;
- general economic, industry and market conditions; and
- the other factors described in this "Risk Factors" section.

In addition, the stock market in general, and The Nasdaq Global Market in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance.

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

Based upon shares of common stock outstanding as of March 31, 2015, our executive officers, directors, 5% stockholders (known to us through available information) and their affiliates beneficially owned approximately 29.2% of our voting stock. Therefore, these stockholders have the ability to substantially influence us through this ownership position. For example, these stockholders, if they choose to act together, may be able to influence the election of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This concentration of voting power could delay or prevent an acquisition of our company on terms that other stockholders may desire.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.*

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including exemption from compliance with auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act), reduced disclosure obligations regarding executive compensation in the Company's definitive proxy statement filed with the Securities and Exchange Commission on April 29, 2015 and our periodic reports, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder

approval of any golden parachute payments not previously approved. We will remain an emerging growth company until the earlier of (a) December 31, 2018, (b) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.0 billion, (c) the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700.0 million as of the prior June 30th, and (d) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Failure to establish and maintain adequate finance infrastructure and accounting systems and controls could impair our ability to comply with the financial reporting and internal controls requirements for publicly traded companies.

As a public company, we operate in an increasingly demanding regulatory environment, which requires us to comply with the Sarbanes-Oxley Act of 2002, and the related rules and regulations of the Securities and Exchange Commission, expanded disclosure requirements, accelerated reporting requirements and more complex accounting rules. Company responsibilities required by the Sarbanes-Oxley Act include establishing and maintaining corporate oversight and adequate internal control over financial reporting and disclosure controls and procedures. Effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent financial fraud.

Our compliance with Section 404 of the Sarbanes-Oxley Act has required and will continue to require that we incur substantial accounting expense and expend significant management efforts. In this or future years, our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls that we would be required to remediate in a timely manner so as to be able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act each year. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner each year, we could be subject to sanctions or investigations by the Securities and Exchange Commission, the NASDAQ Stock Market or other regulatory authorities which would require additional financial and management resources and could adversely affect the market price of our common stock. Furthermore, if we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed and investors could lose confidence in our reported financial information.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. For example, we have existing shelf registration statements which are effective under which we can sell an aggregate of up to \$108.9 million of securities, and for so long as we continue to satisfy the requirements to be deemed a well-known seasoned filer, we are permitted to file additional registration statements, which will be automatically effective, and allow us to sell additional securities from time-to-time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

Pursuant to our 2013 Equity Incentive Plan (the 2013 Plan), our management is authorized to grant stock options to our employees, directors and consultants. The number of shares available for future grant under our 2013 Plan will automatically increase on January 1st each year, through January 1, 2023, by an amount equal to 4.0% of all shares of our capital stock outstanding as of December 31st of the preceding calendar year, subject to the ability of our board of directors to take action to reduce the size of such increase in any given year. In addition, our board of directors may grant or provide for the grant of rights to purchase shares of our common stock pursuant to the terms of our 2013 Employee Stock Purchase Plan (ESPP). The number of shares of our common stock reserved for issuance under our ESPP will automatically increase on January 1st each year, through January 1, 2023, by an amount equal to the lesser of 422,535 shares or one percent of all shares of our capital stock outstanding as of December 31st of the preceding calendar year, subject to the ability of our board of directors to take action to reduce the size of such increase in any given year. Unless our board of directors elects not to increase the number of shares underlying our 2013 Plan and ESPP each year, our stockholders may experience additional dilution, which could cause our stock price to fall.

We have broad discretion in the use of the net proceeds from our financing transactions and may not use them effectively.

Our management has broad discretion in the application of the net proceeds from our financing transactions. Because of the number and variability of factors that will determine our use of the net proceeds from our financing transactions, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our common stock to decline and delay the development of our product candidates. Pending their use, we have invested the net proceeds from our financing transactions in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders.

Volatility in our stock price could subject us to securities class action litigation.

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 pharmaceutical companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes (such as research tax credits) to offset its post-change income may be limited. We have determined that a Section 382 ownership change occurred in 2002 and 2007 resulting in limitations of at least \$64,000 and \$762,000, respectively, of losses incurred prior to the respective ownership change dates. In addition, we have determined that another Section 382 ownership change occurred in 2013 with our IPO, our most recent private placement and other transactions that have occurred since 2007, resulting in a limitation of at least \$6.7 million of losses incurred prior to the ownership change date. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset United States federal taxable income may be subject to limitations, which could potentially result in increased future tax liability.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, would be your sole source of gain.

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. As a result, capital appreciation, if any, of our common stock would be your sole source of gain on an investment in our common stock for the foreseeable future.

Provisions in our corporate charter documents and under Delaware law could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders and may prevent attempts by our stockholders to replace or remove our current management.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders and may prevent attempts by our stockholders to replace or remove our current management. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors;
- allowing the authorized number of our directors to be changed only by resolution of our board of directors;
- limiting the removal of directors;
- creating a staggered board of directors;
- requiring that stockholder actions must be effected at a duly called stockholder meeting and prohibiting stockholder actions by written consent;
- eliminating the ability of stockholders to call a special meeting of stockholders; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at duly called stockholder meetings.

The amendment of any of these provisions, with the exception of the ability of our board of directors to issue shares of preferred stock and designate any rights, preferences and privileges thereto, would require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of our then outstanding common stock.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless such transactions are approved by our board of directors. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders. Further, other provisions of Delaware law may also discourage, delay or prevent someone from acquiring us or merging with us.

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

Unregistered Sales of Equity Securities

On January 20, 2015, the Company issued an aggregate of 23,000 shares of its common stock to OTA LLC in connection with the exercise of a warrant. The aggregate exercise price for the shares of common stock issued was \$166,980.

On February 19, 2015, the Company issued an aggregate of 114,744 shares of its common stock to OTA LLC in connection with the exercise of a warrant. The aggregate exercise price for the shares of common stock issued was \$833,041.44.

The issuances of the common stock described above were deemed to be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. The recipient of common stock in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof. No underwriters were involved in these transactions.

Purchase of Equity Securities

We did not purchase any of our registered securities during the period covered by this Quarterly Report on Form 10-Q.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

The following exhibits are filed as part of this report:

Number	Description
3.1(1)	Amended and Restated Certificate of Incorporation of the Registrant.
3.2(1)	Amended and Restated Bylaws of the Registrant.
4.1(2)	Form of Common Stock Certificate of the Registrant.
4.2(2)	Form of Warrant to Purchase Stock issued to participants in the Registrant's Series F Preferred Stock financing dated February 7, 2011.
4.3(2)	Amended and Restated Investor Rights Agreement dated February 7, 2011 by and among the Registrant and certain of its stockholders.
4.4(3)	Amendment to Amended and Restated Investor Rights Agreement dated October 29, 2014 by and among the Registrant and certain of its stockholders.
10.1(4)	Contract Modification No. 24, dated February 19, 2015, to the contract by and between the Registrant at the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services dated February 16, 2011, as amended.
10.2	Sixth Amendment to Office Lease dated April 28, 2015 by and between the Registrant and IVC Meridian TT O, LLC.
10.3	Contract modification No. 25, dated March 26, 2015, to the contract by and between the Registrant and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services dated February 16, 2011, as amended.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

*In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q is furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of the section, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

(1) Incorporated by reference to Chimerix, Inc.'s Current Report on Form 8-K (No. 001-35867), filed with the SEC on April 16, 2013.

- (2) Incorporated by reference to Chimerix, Inc.'s Registration Statement on Form S-1 (No. 333-187145), as amended.
- (3) Incorporated by reference to Chimerix, Inc.'s Current Report on Form 8-K (No. 001-35867) filed with the SEC on October 29, 2014.
- (4) Incorporated by reference to Chimerix, Inc.'s Annual Report on Form 10-K (No. 001-35867) filed with the SEC on March 6, 2015.

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.

CHIMERIX, INC.

May 11, 2015

By: /s/ M. Michelle Berrey
M. Michelle Berrey, MD, MPH
President and Chief Executive Officer

May 11, 2015

By: /s/ Timothy W. Trost
Timothy W. Trost
Senior Vice President, Chief Financial Officer and Corporate Secretary

SIXTH AMENDMENT TO OFFICE LEASE

THIS SIXTH AMENDMENT TO OFFICE LEASE (this "Sixth Amendment") is made as of this 28 day of April, 2015 (the "Effective Date"), by and between **IVC MERIDIAN TT 0, LLC**, a Delaware limited liability company ("Landlord"), and **CHIMERIX, INC.**, a Delaware corporation ("Tenant").

WITNESSETH:

WHEREAS, pursuant to that certain Office Lease dated September 1, 2007 (the "Original Lease"), ACP 2505 Meridian LLC ("Original Landlord") leased to Tenant, and Tenant leased from Original Landlord, approximately 6,849 rentable square feet of office space (the "Original Premises") known as Suite 340 on the third (3rd) floor of the building located at 2505 Meridian Parkway, Durham, North Carolina 27713 (the "Building");

WHEREAS, pursuant to that certain First Amendment to Office Lease dated December 19, 2008 (the "First Amendment"), Original Landlord and Tenant amended the Original Lease to provide for the demise to Tenant of the Additional Premises (as more particularly described in the First Amendment), upon the terms and conditions set forth in the First Amendment;

WHEREAS, pursuant to that certain Second Amendment to Office Lease dated January 21, 2011 (the "Second Amendment"), Original Landlord and Tenant amended the Original Lease, as amended, to provide for the extension of the Term until February 29, 2012;

WHEREAS, AREP Meridian I LLC ("AREP MI") succeeded to the interest of Original Landlord under the Original Lease, as amended;

WHEREAS, pursuant to that certain Third Amendment to Office Lease dated March 1, 2012 (the "Third Amendment"), AREP MI and Tenant amended the Original Lease, as amended, to provide for the extension of the Term until February 28, 2013;

WHEREAS, pursuant to that certain Fourth Amendment to Office Lease dated February 13, 2013 (the "Fourth Amendment"), AREP MI and Tenant amended the Original Lease, as amended, to provide for the extension of the Term until February 28, 2018;

WHEREAS, pursuant to that certain Fifth Amendment to Office Lease dated July 2, 2014 (the "Fifth Amendment"), AREP MI and Tenant amended the Original Lease, as amended, to provide for the demise to Tenant of the Second Additional Premises (as more particularly described in the Fifth Amendment), upon the terms and conditions set forth in the Fifth Amendment;

WHEREAS, Landlord has succeeded to the interest of AREP MI under the Original Lease, as amended; and

WHEREAS, Landlord and Tenant desire to amend the Original Lease, as amended, to provide for: (i) the extension of the Term until the Modified Expiration Date (hereinafter defined); (ii) the demise to Tenant of the Third Additional Premises (hereinafter defined); (iii) the demise to Tenant of the Fourth Additional Premises (hereinafter defined); and (iv) the demise to Tenant of the Fifth Additional Premises (hereinafter defined), all upon the terms and conditions set forth in this Sixth Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration and of the mutual agreements hereinafter set forth, it is hereby mutually agreed as follows:

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated in this Sixth Amendment and are made a part hereof by this reference.

2. **Definitions.** All capitalized terms not defined in this Sixth Amendment shall have the meanings ascribed thereto in the Original Lease, as amended. As used herein and in the Original Lease, as amended (i) the term "Lease" shall mean the Original Lease, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment and this Sixth Amendment and (ii) the term "Premises" shall mean (a) for the period commencing on the Effective Date of this Sixth Amendment until the date immediately preceding the date that is the earliest to occur of (A) the TAP Commencement Date (hereinafter defined), (B) the FoAP Commencement Date (hereinafter defined) and (C) the FiAP Commencement Date (hereinafter defined), the Original Premises together with the Additional Premises and the Second Additional Premises, (b) from and after the TAP Commencement Date, the Original Premises together with the Additional Premises, the Second Additional Premises and the Third Additional Premises (it being expressly understood that if the FoAP Commencement Date and/or the FiAP Commencement Date occurs prior to the TAP Commencement Date, then the Premises shall also then include the Fourth Additional Premises and/or the Fifth Additional Premises, as applicable), (c) from and after the FoAP Commencement Date, the Original Premises together with the Additional Premises, the Second Additional Premises, the Third Additional Premises and the Fourth Additional Premises (it being expressly understood, however, that if the FoAP Commencement Date occurs prior to the TAP Commencement Date, then the Premises shall not include the Third Additional Premises until the occurrence of the TAP Commencement Date) and (d) from and after the FiAP Commencement Date, the Original Premises together with the Additional Premises, the Second Additional Premises, the Third Additional Premises, the Fourth Additional Premises and the Fifth Additional Premises (it being expressly understood, however, that if the FiAP Commencement Date occurs prior to the TAP Commencement Date and/or the FoAP Commencement Date, then the Premises shall not include the Third Additional Premises and/or the Fourth Additional Premises, as applicable, until the occurrence of the applicable commencement date for such premises).

3. **Term.** The Term of the Lease for the entire Premises (consisting of the Original Premises, the Additional Premises, the Second Additional Premises, the Third Additional Premises, the Fourth Additional Premises and the Fifth Additional Premises) is hereby extended and shall expire on February 28, 2021 (the "Modified Expiration Date"), unless the Term is extended or earlier terminated in accordance with the provisions of the Lease. As used in the Lease, the term "Expiration Date" shall mean and refer to February 28, 2021.

4. **Third Additional Premises; TAP Commencement Date.**

A. Subject to the terms and conditions set forth herein, from and after the TAP Commencement Date, Landlord shall lease to Tenant, and Tenant shall lease from Landlord, approximately 4,191 rentable square feet of additional office space located on the second (2nd) floor of the Building (the "Third Additional Premises," as such space is shown as the shaded space on the attached Exhibit A). As of the TAP Commencement Date, the aggregate number of rentable square feet of office space demised to Tenant under the Lease (consisting of the Original Premises, the Additional Premises, the Second Additional Premises and the Third Additional Premises) shall be 22,083 (it being expressly understood that if the FoAP Commencement Date and/or the FiAP Commencement Date occurs prior to the TAP Commencement Date, then the rentable square footage of the Premises shall also then include the rentable square footage of the Fourth Additional Premises and/or the Fifth Additional Premises, as applicable).

B. As used herein, the term "TAP Commencement Date" shall be the date that Landlord delivers possession of the Third Additional Premises to Tenant. As of the Effective Date of this Sixth Amendment, it is currently anticipated that the TAP Commencement Date will occur on or about May 1, 2015. Reference is made

to the form of Declaration of TAP Commencement Date (the "TAP Declaration") attached hereto as Exhibit B. After the TAP Commencement Date, Landlord shall complete the TAP Declaration and deliver the completed TAP Declaration to Tenant. Within five (5) days after Tenant receives the completed TAP Declaration from Landlord, Tenant shall execute and return the TAP Declaration to Landlord to confirm the TAP Commencement Date. Failure to execute the TAP Declaration shall not affect the occurrence of the TAP Commencement Date, the extension of the Term effectuated pursuant to the terms of this Sixth Amendment and/or any other term or condition of the Lease.

C. Notwithstanding anything to the contrary contained in this Sixth Amendment, if the TAP Commencement Date has not occurred on or before May 1, 2015 (the "Delay TAP Abatement Date"), then, the TAP Abatement Period (hereinafter defined) shall be extended for a number of consecutive days equal to the number of days after the Delay TAP Abatement Date that the TAP Commencement Date failed to occur. The Delay TAP Abatement Date shall be extended by one (1) day for each day that the TAP Commencement Date is delayed as the result of any event of force majeure. As used in this Paragraph 4(C) the term "force majeure" shall mean one or more of the following events: acts of the public enemy, acts of terrorism, national emergency, war, riots, epidemics, earthquakes, extreme weather events, floods, tornadoes, explosions and failure of public utilities, but only to the extent that, despite Landlord's reasonable efforts to circumvent such circumstances with alternative sources, workaround plans or other means (to the extent such efforts are reasonably practicable under the circumstances), such event delays or otherwise prevents the occurrence of the TAP Commencement Date. For the avoidance of doubt, a change in the local, national or global financial markets or Landlord's financial difficulties shall not be deemed to be a "force majeure" pursuant to this Paragraph 4(C). Landlord will promptly notify Tenant of any such force majeure and of Landlord's plans and efforts to implement a work-around (to the extent such work-around is reasonably practicable under the circumstances). In the event Landlord is able to implement a work-around, Landlord will continue to use commercially reasonable efforts to cause the occurrence of the TAP Commencement Date to the extent reasonably possible and will comply with any applicable disaster recovery obligations. To the extent the circumstances prevent Landlord from implementing a work-around, Landlord will be excused from further performance towards causing the occurrence of the TAP Commencement Date as long as the force majeure continues. Landlord will notify Tenant when the force majeure has abated.

5. **Fourth Additional Premises; FoAP Commencement Date**

A. Subject to the terms and conditions set forth herein, from and after the FoAP Commencement Date, Landlord shall lease to Tenant, and Tenant shall lease from Landlord, approximately 3,537 rentable square feet of additional office space located on the second (2nd) floor of the Building (the "Fourth Additional Premises," as such space is shown as the shaded space on the attached Exhibit A-1). As of the FoAP Commencement Date, the aggregate number of rentable square feet of office space demised to Tenant under the Lease (consisting of the Original Premises, the Additional Premises, the Second Additional Premises, the Third Additional Premises and the Fourth Additional Premises) shall be 25,620 (it being expressly understood, however, that (i) if the FoAP Commencement Date occurs prior to the TAP Commencement Date, then the Premises shall not include the Third Additional Premises until the occurrence of the TAP Commencement Date and (ii) if the FoAP Commencement Date occurs prior to the FoAP Commencement Date, then the Premises shall also include the Fifth Additional Premises as of the FoAP Commencement Date).

B. As used herein, the term "FoAP Commencement Date" shall be the date that Landlord delivers possession of the Fourth Additional Premises to Tenant. As of the Effective Date of this Sixth Amendment, it is currently anticipated that the FoAP Commencement Date will occur on or about May 1, 2015. Reference is made to the form of Declaration of FoAP Commencement Date (the "FoAP Declaration") attached hereto as Exhibit B-1. After the FoAP Commencement Date, Landlord shall complete the FoAP Declaration and deliver the completed FoAP Declaration to Tenant. Within five (5) days after Tenant receives the completed FoAP Declaration from Landlord, Tenant shall execute and return the FoAP Declaration to Landlord to confirm the FoAP Commencement Date. Failure to execute the FoAP Declaration shall not affect the occurrence of the FoAP Commencement Date, the extension of the Term effectuated pursuant to the terms of this Sixth Amendment and/or

any other term or condition of the Lease.

C. Notwithstanding anything to the contrary contained in this Sixth Amendment, if the FoAP Commencement Date has not occurred on or before May 1, 2015 (the "Delay FoAP Abatement Date"), then, the FoAP Abatement Period (hereinafter defined) shall be extended for a number of consecutive days equal to the number of days after the Delay FoAP Abatement Date that the FoAP Commencement Date failed to occur. The Delay FoAP Abatement Date shall be extended by one (1) day for each day that the FoAP Commencement Date is delayed as the result of any event of force majeure. As used in this Paragraph 5(C) the term "force majeure" shall mean one or more of the following events: acts of the public enemy, acts of terrorism, national emergency, war, riots, epidemics, earthquakes, extreme weather events, floods, tornadoes, explosions and failure of public utilities, but only to the extent that, despite Landlord's reasonable efforts to circumvent such circumstances with alternative sources, work-around plans or other means (to the extent such efforts are reasonably practicable under the circumstances), such event delays or otherwise prevents the occurrence of the FoAP Commencement Date. For the avoidance of doubt, a change in the local, national or global financial markets or Landlord's financial difficulties shall not be deemed to be a "force majeure" pursuant to this Paragraph 5(C). Landlord will promptly notify Tenant of any such force majeure and of Landlord's plans and efforts to implement a work-around (to the extent such work-around is reasonably practicable under the circumstances). In the event Landlord is able to implement a work-around, Landlord will continue to use commercially reasonable efforts to cause the occurrence of the FoAP Commencement Date to the extent reasonably possible and will comply with any applicable disaster recovery obligations. To the extent the circumstances prevent Landlord from implementing a work-around, Landlord will be excused from further performance towards causing the occurrence of the FoAP Commencement Date as long as the force majeure continues. Landlord will notify Tenant when the force majeure has abated.

6. Fifth Additional Premises; FiAP Commencement Date.

A. Subject to the terms and conditions set forth herein, from and after the FiAP Commencement Date, Landlord shall lease to Tenant, and Tenant shall lease from Landlord, approximately 3,433 rentable square feet of additional office space located on the third (3rd) floor of the Building (the "Fifth Additional Premises," as such space is shown as the shaded space on the attached Exhibit A-2). As of the FiAP Commencement Date, the aggregate number of rentable square feet of office space demised to Tenant under the Lease (consisting of the Original Premises, the Additional Premises, the Second Additional Premises, the Third Additional Premises, the Fourth Additional Premises and the Fifth Additional Premises) shall be 29,053 (it being expressly understood, however, that if the FiAP Commencement Date occurs prior to the TAP Commencement Date and/or the FoAP Commencement Date, then the Premises shall not include the Third Additional Premises and/or the Fourth Additional Premises, as applicable, until the occurrence of the TAP Commencement Date and/or the FoAP Commencement Date, as applicable).

B. As used herein, the term "FoAP Commencement Date" shall mean July 1, 2015. Landlord and Tenant hereby expressly acknowledge and agree that (i) Tenant is currently in possession of the Fifth Additional Premises pursuant to that certain Deed of Sublease Agreement dated March 7, 2011, as same may have been amended (collectively, the "Existing Sublease"), by and between MDxHealth, Inc. ("MDx"), as sublandlord, and Tenant, as subtenant, the term of which expires on the date (the "Existing Sublease Expiration Date") immediately preceding the FoAP Commencement Date; and (ii) Tenant shall remain in possession of the Fifth Additional Premises from and after the Existing Sublease Expiration Date and the terms and conditions contained in the Lease shall govern Tenant's occupancy of the Fifth Additional Premises from and after the FoAP Commencement Date. Notwithstanding anything to the contrary contained herein, Landlord and Tenant hereby expressly acknowledge and agree that if Landlord's lease with MDx for the Fifth Additional Premises (the "MDx Lease") is terminated prior to the Existing Sublease Expiration Date, then, notwithstanding anything to the contrary contained herein (a) the FoAP Commencement Date hereunder shall be deemed to be the date immediately following the termination date of the MDx Lease, (b) from and after such new FoAP Commencement Date, the terms of the Lease shall govern Tenant's occupancy of the Fifth Additional Premises and (c) Landlord and Tenant shall execute an amendment to the Lease setting forth such new FoAP Commencement

Date and any other revisions to the Lease necessitated by the early termination of the MDx Lease.

7. "As-Is" Condition; Improvements to the Premises; Refurbishment Allowance.

A. Tenant shall remain in possession of the Original Premises, the Additional Premises and the Second Additional Premises on the Effective Date of this Sixth Amendment in its then "as-is" condition, and Tenant shall remain in possession of the Fifth Additional Premises on the FiAP Commencement Date in its then "as-is" condition. Landlord shall deliver the Third Additional Premises to Tenant on the TAP Commencement Date in its then "as-is" condition, but with the base Building HVAC, electrical and plumbing systems serving the Third Additional Premises in good working order. Landlord shall deliver the Fourth Additional Premises to Tenant on the FoAP Commencement Date in its then "as-is" condition, but with the base Building HVAC, electrical and plumbing systems serving the Fourth Additional Premises in good working order. Landlord shall have no obligation to perform, or, except as expressly set forth in Paragraph 7(8), below, pay for, any work, improvements or alterations in or to the Premises in connection with this Sixth Amendment or otherwise.

B. Notwithstanding the terms of Paragraph 7(A), above, provided that Tenant is not then in default under the Lease, Landlord shall provide Tenant with a refurbishment allowance (the "Refurbishment Allowance") of up to One Hundred Eighty-One Thousand Seven Hundred Fifty Dollars (\$181,750.00) to pay for costs and expenses incurred by Tenant in connection with the design and construction of improvements which Tenant desires to undertake in and to the Premises (the "Tenant Improvements"). Disbursements of the Refurbishment Allowance by Landlord ("Partial Payments") shall be made on a monthly basis, if requested in writing by Tenant, or, if not so requested, paid out by Landlord upon completion of the Tenant Improvements, and the satisfaction of the conditions set forth below, including the receipt by Landlord of final lien waivers from all general contractors, subcontractors and material suppliers who perform work or provide materials in connection therewith; provided, however, that in no event shall Landlord have any obligation to disburse any portion of the Refurbishment Allowance prior to May 1, 2015. Each of Tenant's requests for a Partial Payment (the "Draw Requests") shall be accompanied by (i) the general contractor's application for payment (including, if applicable, an architect's certification thereof) setting forth a detailed description of the work completed (including the percentage of the total job which the work with respect to which the contractor seeks payment represents) and the total cost of such work; (ii) invoices for design, architectural or permit costs incurred by Tenant, if applicable; (iii) a written approval by Tenant of the contractor's application of payment and the work performed by the contractor(s), if applicable; and (iv) partial lien waivers (or, with respect to the final Draw Request, final lien waivers) and releases of mechanic's and materialmen's liens from the general contractor, subcontractors and material suppliers providing work or services in or to the Premises. Landlord shall make Partial Payments of the Refurbishment Allowance within forty-five (45) days after receipt of a Draw Request from Tenant, provided that such Draw Request is accompanied by all applicable information and documentation set forth in (i)-(iv), above, and further provided that Landlord shall have no obligation to make more than one (1) such disbursement in any forty-five (45) day period. Tenant's final Draw Request shall include a certificate of substantial completion prepared by Tenant's architect, if applicable, and shall also include all applicable final lien waivers. Notwithstanding the foregoing, in no event shall Landlord be obligated to pay, in the aggregate, an amount in excess of eighty percent (80%) of the Refurbishment Allowance prior to Landlord's receipt of Tenant's final Draw Request given in accordance with the terms of this Paragraph 7(B). Prior to undertaking any Tenant Improvements in the Premises, Tenant shall submit to Landlord for its approval full working drawings (the "Working Drawings") depicting all of the Tenant Improvements which Tenant desires to install in the Premises. All Working Drawings depicting the Tenant Improvements to be constructed in or to the Premises shall be subject to approval by Landlord, which approval shall be granted or withheld in accordance with the terms of Article 9 of the Original Lease (captioned, "Alterations and Liens"). The Tenant Improvements shall be constructed (1) in a good and workmanlike manner, (2) in strict accordance with the terms and conditions of the Lease, including but not limited to the terms and conditions of Article 9 of the Original Lease (provided, however, that the Landlord fee set forth in Paragraph 9.E of the Original Lease shall equal two percent (2%) of the cost of the Tenant Improvements) and (3) by a licensed contractor approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Any portion of the Refurbishment Allowance with respect to which Tenant fails to submit

to Landlord a Draw Request on or before October 31, 2016 shall be retained by Landlord.

8. Base Rent.

A. From and after the Effective Date of this Sixth Amendment until April 30, 2015, Tenant shall continue to pay Landlord Base Rent for the Original Premises, the Additional Premises and the Second Additional Premises pursuant to the terms and conditions of the Original Lease, as amended. Notwithstanding anything to the contrary contained in the Original Lease, as amended, from and after May 1, 2015, and thereafter on the first day of each and every calendar month during the Term, Tenant shall pay Landlord Base Rent for the Original Premises, the Additional Premises and the Second Additional Premises only (which space consists of approximately 17,892 RSF in the aggregate) in the following amounts, in equal monthly installments, in advance, as follows:

Period	Base Rent Per Square Foot	Base Rent	Monthly Base Rent
5/1/15-2/29/16	\$20.50	\$366,786.00*	\$30,565.50
3/1/16-2/28/17	\$21.01	\$375,910.92	\$31,325.91
3/1/17-2/28/18	\$21.54	\$385,393.68	\$32,116.14
3/1/18 -2/28/19	\$22.08	\$395,055.36	\$32,921.28
3/1/19-2/29/20	\$22.63	\$404,895.96	\$33,741.33
3/1/20-2/28/21	\$23.19	\$414,915.48	\$34,576.29
[*on an annualized basis]			

Tenant shall pay Landlord Base Rent due pursuant to this Paragraph 8(A) in accordance with the terms and conditions of the Lease.

B. Subject to the terms of Paragraph 8(C), below, from and after the TAP Commencement Date, and thereafter on the first day of each and every calendar month during the Term, Tenant shall pay Landlord Base Rent for the Third Additional Premises only in the following amounts, in equal monthly installments, in advance, as follows:

Period	Base Rent Per Square Foot	Base Rent	Monthly Base Rent
TAP Commencement Date -2/29/16	\$20.50	\$85,915.56*	\$7,159.63
3/1/16-2/28/17	\$21.01	\$88,052.88	\$7,337.74
3/1/17-2/28/18	\$21.54	\$90,274.20	\$7,522.85
3/1/18-2/28/19	\$22.08	\$92,537.28	\$7,711.44
3/1/19-2/29/20	\$22.63	\$94,819.68	\$7,901.64
3/1/20-2/28/21	\$23.19	\$97,189.32	\$8,099.11
[*on an annualized basis]			

Tenant shall pay Landlord Base Rent due pursuant to this Paragraph 8(B) in accordance with the terms and conditions of the Lease.

C. Notwithstanding anything to the contrary contained in Paragraph 8(B), above, provided Tenant is not in default of the Lease, Landlord shall abate the Base Rent payable by Tenant with respect to the Third

Additional Premises only for the period (the "TAP Abatement Period") beginning on the TAP Abatement Period Commencement Date (hereinafter defined) and ending on the date which is the last day of the fifth (5th) full calendar month following the TAP Abatement Period Commencement Date. As used herein the term "TAP Abatement Period Commencement Date" means the TAP Commencement Date; provided, however, that if the TAP Commencement Date does not occur on the first day of a calendar month, then the TAP Abatement Period Commencement Date shall mean the first day of the first full calendar month following the calendar month in which occurred the TAP Commencement Date.

D. Subject to the terms of Paragraph 8(E), below, from and after the FoAP Commencement Date, and thereafter on the first day of each and every calendar month during the Term, Tenant shall pay Landlord Base Rent for the Fourth Additional Premises only in the following amounts, in equal monthly installments, in advance, as follows:

Period	Base Rent Per : Square Foot	Base Rent	Monthly :Base Rent
FoAP Commencement Date -2/29/16	\$20.50	\$72,508.56*	\$6,042.38
3/1/16-2/28/17	\$21.01	\$74,312.40	\$6,192.70
3/1/17-2/28/18	\$21.54	\$76,187.04	\$6,348.92
3/1/18-2/28/19	\$22.08	\$78,096.96	\$6,508.08
3/1/19-2/29/20	\$22.63	\$80,042.28	\$6,670.19
3/1/20-2/28/21	\$23.19	\$82,023.00	\$6,6835.25
[*on an annualized basis]			

Tenant shall pay Landlord Base Rent due pursuant to this Paragraph 8(D) in accordance with the terms and conditions of the Lease.

E. Notwithstanding anything to the contrary contained in Paragraph 8(D), above, provided Tenant is not in default of the Lease, Landlord shall abate the Base Rent payable by Tenant with respect to the Fourth Additional Premises only for the period (the "FoAP Abatement Period") beginning on the FoAP Abatement Period Commencement Date (hereinafter defined) and ending on the date which is the last day of the fifth (5th) full calendar month following the FoAP Abatement Period Commencement Date. As used herein the term "FoAP Abatement Period Commencement Date" means the FoAP Commencement Date; provided, however, that if the FoAP Commencement Date does not occur on the first day of a calendar month, then the FoAP Abatement Period Commencement Date shall mean the first day of the first full calendar month following the calendar month in which occurred the FoAP Commencement Date.

F. From and after the FiAP Commencement Date, and thereafter on the first day of each and every calendar month during the Term, Tenant shall pay Landlord Base Rent for the Fifth Additional Premises only in the following amounts, in equal monthly installments, in advance, as follows:

Period	Base Rent Per Square Foot	Base Rent	Monthly Base Rent
7/1/15- 2/29/16	\$20.50	\$70,376.52*	\$5,864.71
3/1/16-2/28/17	\$21.01	\$72,127.32	\$6,010.61
3/1/17-2/28/18	\$21.54	\$73,946.88	\$6,162.24
3/1/18-2/28/19	\$22.08	\$75,800.64	\$6,316.72
3/1/19- 2/29/20	\$22.63	\$77,688.84	\$6,474.07
3/1/20- 2/28/21	\$23.19	\$79,611.24	\$6,634.27
[*on an annualized basis]			

Tenant shall pay Landlord Base Rent due pursuant to this Paragraph 8(F) in accordance with the terms and conditions of the Lease.

9. Tenant's Share of Increases in Taxes and Expenses.

A. From and after the Effective Date of this Sixth Amendment until April 30, 2015, Tenant shall continue to pay Landlord Tenant's New Share (as defined in the Fifth Amendment) of increases in Taxes and Expenses with respect to the Original Premises, the Additional Premises and the Second Additional Premises in accordance with the terms of the Original Lease, as amended.

B. Notwithstanding anything to the contrary contained in the Original Lease, as amended, Landlord and Tenant hereby expressly acknowledge and agree that (i) commencing on January 1, 2016, and continuing thereafter during the balance of the Term, Tenant shall pay Landlord, in accordance with the terms of the Lease (I) Tenant's New Share of Taxes in excess of the Taxes incurred during the Sixth Amendment Base Tax Year (hereinafter defined) and (2) Tenant's New Share of Expenses in excess of the Expenses incurred during the Sixth Amendment Base Expense Year (hereinafter defined), (ii) as used herein (x) the term "Sixth Amendment Base Tax Year" means calendar year 2015, and (y) the term "Sixth Amendment Base Expense Year" means calendar year 2015, (iii) from and after the TAP Commencement Date, "Tenant's New Share" shall be increased by 9.92% to reflect the addition of the Third Additional Premises, (iv) from and after the FoAP Commencement Date, "Tenant's New Share" shall be increased by 8.36% to reflect the addition of the Fourth Additional Premises and (v) from and after the FiAP Commencement Date, "Tenant's New Share" shall be increased by 8.13% to reflect the addition of the Fifth Additional Premises and (vi) from and after the occurrence of all of the TAP Commencement Date, the FoAP Commencement Date and the FiAP Commencement Date, "Tenant's New Share" shall equal 68.74%.

10. Must-Take Space.

A. If the term of the lease for the current tenant of the Must-Take Space (hereinafter defined) is not renewed or otherwise extended beyond the current expiration date of July 31, 2016 (the "Must-Take Space Condition"), then, Landlord and Tenant hereby acknowledge and agree that Landlord shall lease to Tenant, and Tenant shall lease from Landlord, for a term commencing on the Must-Take Space Commencement Date (hereinafter defined) and ending on the Expiration Date (but subject to extension pursuant to the terms of Paragraph II, below), approximately 7,202 rentable square feet of office space located on the second (2nd) floor of the Building (the "Must-Take Space," as shown as the shaded space on the attached Exhibit A-2). If the Must-Take Space Condition occurs, Landlord shall notify Tenant thereof, and, promptly after the expiration or earlier termination of the term of the lease of the current tenant of the Must-Take Space, Landlord shall use commercially reasonable efforts to regain possession of the Must-Take Space and deliver same to Tenant. As used herein, the term "Must-Take Space Commencement Date" shall mean the date Landlord delivers the Must-Take Space to Tenant.

B. Landlord shall deliver the Must-Take Space to Tenant in its "as-is" condition, but with the

base Building HVAC, electrical and plumbing systems serving the Must-Take Space in good working order, without (i) any obligation on Landlord's part to undertake or, except as set forth in this Paragraph I 0, pay for, any improvements or alterations therein; or (ii) except as otherwise expressly set forth in this Paragraph I 0, any representations or warranties regarding the condition thereof. Notwithstanding the foregoing, Landlord shall provide Tenant with a tenant improvement allowance for the Must-Take Space in an amount per rentable square foot of the Must-Take Space equal to the product obtained by multiplying (i) Six and 251100 Dollars (\$6.25) (i.e., the Refurbishment Allowance per rentable square foot of the Premises) by a fraction, the numerator of which is the number of months remaining in the Term as of the Must-Take Space Commencement Date, and the denominator of which is seventy (70).

C. Effective as of the Must-Take Space Commencement Date, but subject to the terms of this Paragraph IO(C), Tenant shall pay Base Rent to Landlord for the Must-Take Space ("Must Take Space Annual Base Rent") in amounts (on a per rentable square foot basis) equal to the Base Rent then payable by Tenant for the remainder of the Premises. The Must-Take Space Annual Base Rent shall increase at the same time, and in the same manner as, the Base Rent for remainder of the Premises increases pursuant to the terms of the Lease. Notwithstanding the foregoing, and provided that Tenant is not then in default of the Lease, Landlord shall provide Tenant with an abatement of Base Rent for the Must-Take Space for a period of calendar months following the Must-Take Space Commencement Date equal to the product obtained by multiplying (i) Five (5) (i.e., the number of calendar months of Base Rent abated with respect to the Third Additional Premises and the Fourth Additional Premises) by a fraction, the numerator of which is the number of months remaining in the Term as of the Must-Take Space Commencement Date, and the denominator of which is seventy (70) (it being expressly understood that such product may not result in a whole number, in which event Base Rent for such partial month shall be partially abated [i.e., if such product is equal to 3Y, months, then Base Rent for such fourth (4th) month shall be abated by 50%]).

D. From and after the Must-Take Space Commencement Date (and provided that all of the TAP Commencement Date, the FoAP Commencement Date and the FiAP Commencement Date have previously occurred): (i) the aggregate number of rentable square feet demised under the Lease shall be 36,255; (ii) wherever the term "Premises" appears in this Lease, it is hereby deemed to mean the entire 36,255 rentable square feet (consisting of the Original Premises, the Additional Premises, the Second Additional Premises, the Third Additional Premises, the Fourth Additional Premises and the Must-Take Space); and (iii) Tenant's New Share shall be increased by seventeen and four hundredths percent (17.04%) to reflect the addition of the Must-Take Space.

E. If the Must-Take Space Condition occurs, and Landlord's delivery of the Must-Take Space to Tenant is delayed for any reason, Tenant shall remain obligated to lease the Must-Take Space from Landlord pursuant to the terms of this Paragraph I 0 and Tenant shall have no claim against Landlord by reason of any such delay. Tenant hereby acknowledges and agrees that Landlord's obligation to deliver the Must-Take Space to Tenant is expressly, contingent upon (i) the occurrence of the Must-Take Space Condition and (li) the subsequent surrender to Landlord of the Must-Take Space by the current tenant thereof. Notwithstanding anything to the contrary contained in this Paragraph 10, Tenant shall not be required to lease the Must-Take Space unless (a) Landlord notifies Tenant on or before June 30,2016 that the Must-Take Space Commencement Date will occur on or before January 1, 2017 and (b) the Must-Take Space Commencement Date occurs on or before January 1, 2017. Landlord shall use commercially reasonable efforts, exercised in good faith, to deliver the Must-Take Space to Tenant on or before January 1, 2017; provided, however, that Tenant hereby expressly acknowledges and agrees that such commercially reasonable efforts by Landlord shall take into consideration the fact that the current tenant of the Must-Take Space has the right to renew the term of its lease at the Building beyond the current expiration date of July 31, 2016.

F. In the event Tenant refuses to accept delivery of the Must-Take Space on the Must-Take Space Commencement Date, time being of the essence, such refusal shall constitute an immediate Default of the Lease, whereupon Landlord may elect to (i) pursue all of its remedies as provided in the Lease, at law or in equity; and/or (ii) lease the Must-Take Space (or any portion thereof) to any person or entity of Landlord's choice on whatever terms and conditions Landlord elects in its sole discretion.

G. Landlord and Tenant shall co-operate in good faith in order to execute an amendment modifying the Lease to incorporate the Must-Take Space into the remainder of the Premises in accordance with the terms of this Paragraph 10, provided, however, that the failure by any party to execute such amendment shall not nullify Tenant's obligation to lease the Must-Take Space pursuant to the terms of this Paragraph 10 or any other term or condition of this Paragraph 10.

11. Option to Extend Term.

A. Tenant shall have and is hereby granted the option to extend the Term hereof for the entire Premises then being leased by Tenant for one (1) period of five (5) years (the "Sixth Extension Period") provided that: (i) Tenant delivers written notice (the "Extension Notice") to Landlord, no earlier than twelve (12), and no later than nine (9), months prior to the Expiration Date, time being of the essence, of Tenant's irrevocable election to exercise such extension option; (ii) no default by Tenant under the Lease exists at the time of Landlord's receipt of the Extension Notice or as of the first day of the Sixth Extension Period; and (iii) Tenant has not assigned its interest in the Lease (other than to a Qualified Tenant Affiliate) or sublet more than twenty percent (20%) of the Premises (other than to a Qualified Tenant Affiliate).

B. All terms and conditions of the Lease shall remain in full force and effect during the Sixth Extension Period, except that Base Rent (on a per rentable square foot basis) payable during the Sixth Extension Period shall equal the Fair Market Rental Rate (hereinafter defined) at the time of the commencement of the Sixth Extension Period. As used herein, the term "Fair Market Rental Rate" shall mean the fair market rental rate that would be agreed upon between a landlord and a tenant entering into a lease for comparable space as to location, configuration, size and use, in a comparable building as to quality, age, reputation and location in the Raleigh / Durham, North Carolina area, which Fair Market Rental Rate shall take into consideration any then applicable market tenant concessions for renewal tenants with credit similar to the credit of Tenant at the time of the determination of the Fair Market Rental Rate.

C. Landlord and Tenant shall negotiate in good faith to determine the Base Rent for the Sixth Extension Period for a period of thirty (30) days after the date on which Landlord receives the Extension Notice from Tenant. In the event Landlord and Tenant are unable to agree upon the Base Rent for the Sixth Extension Period within said thirty (30)-day period, the Fair Market Rental Rate shall be determined by a board of three (3) licensed real estate brokers, one of whom shall be named by Landlord, one of whom shall be named by Tenant, and the two so appointed shall select a third (the "Third Broker"). Each real estate broker so selected shall be licensed in the State of North Carolina as a real estate broker specializing in the field of office leasing in the Raleigh / Durham, North Carolina area, having no fewer than ten (10) years' experience in such field, and recognized as ethical and reputable within the field. Landlord and Tenant agree to make their appointments promptly within ten (10) days after the expiration of the thirty (30)-day period, or sooner if mutually agreed upon. The two (2) brokers selected by Landlord and Tenant shall select the Third Broker within ten (10) days after they both have been appointed, and all three (3) brokers shall, within fifteen (15) days after the Third Broker is selected, submit his or her determination of the Fair Market Rental Rate. The Third Broker shall determine which determination of Fair Market Rental Rate made by Landlord's broker or Tenant's broker is closest to the determination of Fair Market Rental Rate made by the Third Broker (the "Closest Determination"). The Fair Market Rental Rate hereunder shall be the mean of the Closest Determination and the determination of Fair Market Rental Value made by the Third Broker. Landlord and Tenant shall each pay the fee of the broker selected by it, and they shall equally share the payment of the fee of the Third Broker.

D. Should the Term be extended hereunder for the Sixth Extension Period, Tenant shall, if required by Landlord, execute an amendment (the "Extension Amendment") modifying the Lease within twenty (20) days after Landlord drafts and presents same to Tenant, which amendment shall accurately set forth the Base Rent for each year of the Sixth Extension Period (as determined pursuant to the terms of this Paragraph 11) and any

other economic terms and provisions in effect during the Fifth Extension Period mutually agreeable to Landlord and Tenant. Should Tenant fail to execute the Extension Amendment within such twenty (20) days period, time being of the essence, Tenant's right to extend the Term for the Sixth Extension Period shall, at Landlord's sole option, terminate, and Landlord shall be permitted to lease such space to any other person or entity upon whatever terms and conditions are acceptable to Landlord in its sole discretion. Landlord and Tenant shall cooperate and negotiate in good faith to agree upon and execute the Extension Amendment within such twenty (20) day period.

E. As of the Effective Date of this Sixth Amendment, Paragraph 8 of the Fifth Amendment (captioned, "Option to Extend Term") is hereby deleted in its entirety and is of no further force and effect.

12. **Brokers.** Landlord and Tenant recognize American Real Estate Partners Management LLC and CBRE, Inc. (collectively, "Landlord Broker"), as Landlord's agent, and Cushman & Wakefield / Thalheimer ("Tenant Broker"), as Tenant's agent, with respect to this Sixth Amendment. Landlord agrees to be responsible for the payment of any leasing commission or any other costs or fees owed to Tenant Broker and Landlord Broker in accordance with the terms of a separate commission agreement entered into between Landlord and each of Landlord Broker and Tenant Broker. Landlord and Tenant each represent and warrant to the other that no other broker has been employed in carrying on any negotiations relating to this Sixth Amendment and shall each indemnify and hold harmless the other from any claim for brokerage or other commission arising out of (a) any breach of the foregoing representation and warranty; or (b) the actions of Landlord or Tenant with respect to the broker making any claim for a commission.

13. **Exterior Building Sign.** Landlord hereby acknowledges and agrees that as of the Effective Date of this Sixth Amendment, Tenant retains the right to install the Exterior Building Sign, subject to, and in accordance with, the provisions of Paragraph 10 of the Fifth Amendment (captioned, "Exterior Building Sign"). After Landlord has approved Tenant's proposed Exterior Building Sign and the contractor retained by Tenant to install the Exterior Building Sign, all in accordance with the terms of Paragraph 10 of the Fifth Amendment, Landlord shall, if requested in writing by Tenant and at Tenant's sole cost and expense, obtain on Tenant's behalf, all necessary governmental permits, licenses and approvals required for the installation of the Exterior Building Sign. If applicable, Tenant shall cooperate with Landlord, at Tenant's sole cost and expense, in connection with Landlord's efforts to obtain such permits, licenses and approvals.

14. **Right of First Offer Space.** Landlord and Tenant hereby expressly acknowledge and agree that, as of the Effective Date of this Sixth Amendment, neither the Third Additional Premises, nor the Fourth Additional Premises, shall be deemed to be Right of First Offer Space pursuant to the terms of Paragraph 9 of the Fifth Amendment (captioned, "Right of First Offer"). In addition, upon the occurrence of the Must-Take Space Commencement Date, if applicable, the Must-Take Space shall no longer be deemed Right of First Offer Space pursuant to the terms of Paragraph 9 of the Fifth Amendment. Landlord hereby acknowledges and agrees that as of the Effective Date of this Sixth Amendment, Tenant's retains its rights to lease Right of First Offer Space, subject to, and in accordance with, the provisions of Paragraph 9 of the Fifth Amendment, as amended by the terms of this Paragraph 14.

15. **Memorandum of Lease.** Upon request of Tenant, Landlord shall execute a recordable memorandum of lease, in the form attached to this Sixth Amendment as Exhibit C, which memorandum of lease shall be prepared and recorded in the public record at Tenant's sole cost and expense.

16. **After-Hours HVAC Charge.** Landlord and Tenant hereby expressly acknowledge and agree that, as of the Effective Date of this Sixth Amendment, and notwithstanding anything to the contrary contained in the Original Lease, as amended, the current rate for the provision by Landlord of after-hours HVAC service to the Premises is Forty Dollars (\$40.00) per hour, per floor.

17. **Counterpart Copies.** This Sixth Amendment may be executed in two (2) or more counterpart

copies, all of which counterparts shall have the same force and effect as if all parties hereto had executed a single copy of this Sixth Amendment.

18. **Miscellaneous.** This Sixth Amendment (a) shall be binding upon and inure to the benefit of the parties hereto and their respective representatives, transferees, successors and assigns and (b) shall be governed by and construed in accordance with the laws of the State of North Carolina.

19. **Ratification.** Except as expressly amended by this Sixth Amendment, all other terms, conditions and provisions of the Original Lease, as amended, are hereby ratified and confirmed and shall continue in full force and effect.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Amendment to Office Lease under seal as of the day and year first hereinabove written.

LANDLORD:

IVC MERIDIAN TT 0, LLC,
a Delaware limited liability company

By: 
Name: J. Michael O'Brien
Title: Vice President

TENANT:

CHIMERIX, INC.,
a Delaware corporation

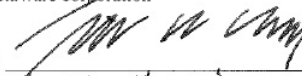
By: 
Name: Timothy W. Trost
Title: Sr. Vice President & CFO

EXHIBIT A

FLOOR PLAN OF THIRD ADDITIONAL PREMISES

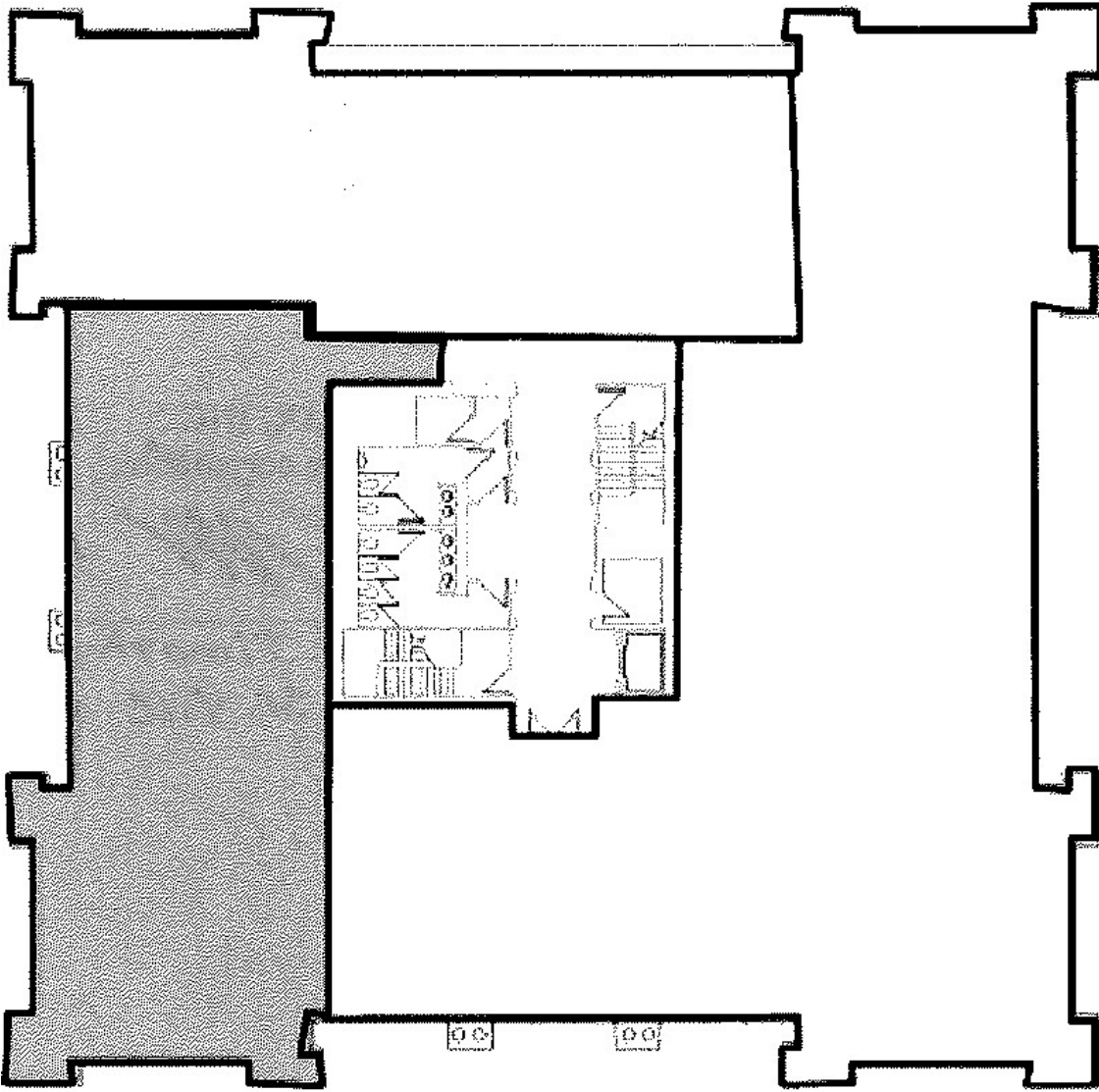


EXHIBIT A-1

FLOOR PLAN OF FOURTH ADDITIONAL PREMISES

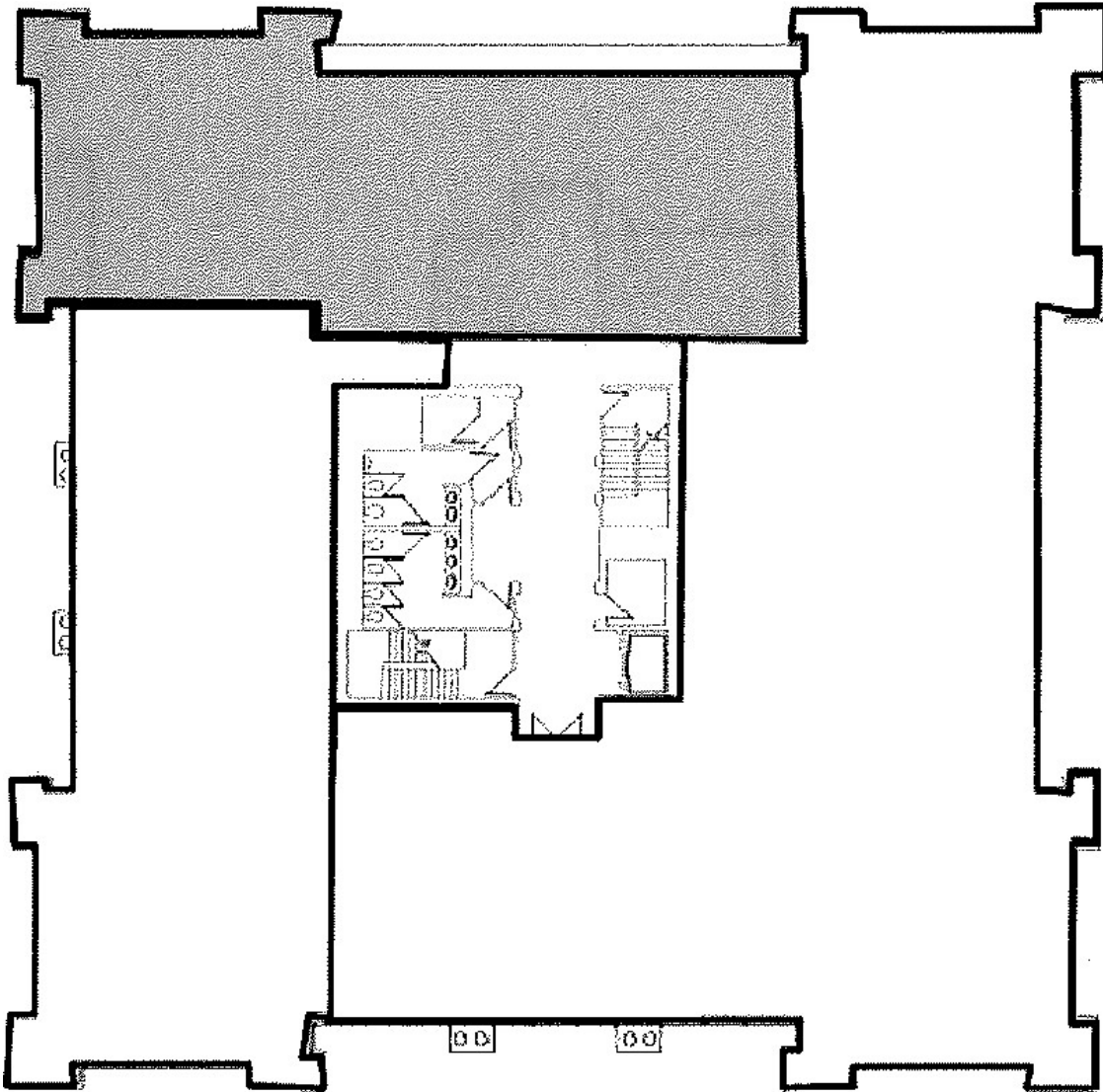


EXHIBIT A-2

FLOOR PLAN OF FIFTH ADDITIONAL PREMISES

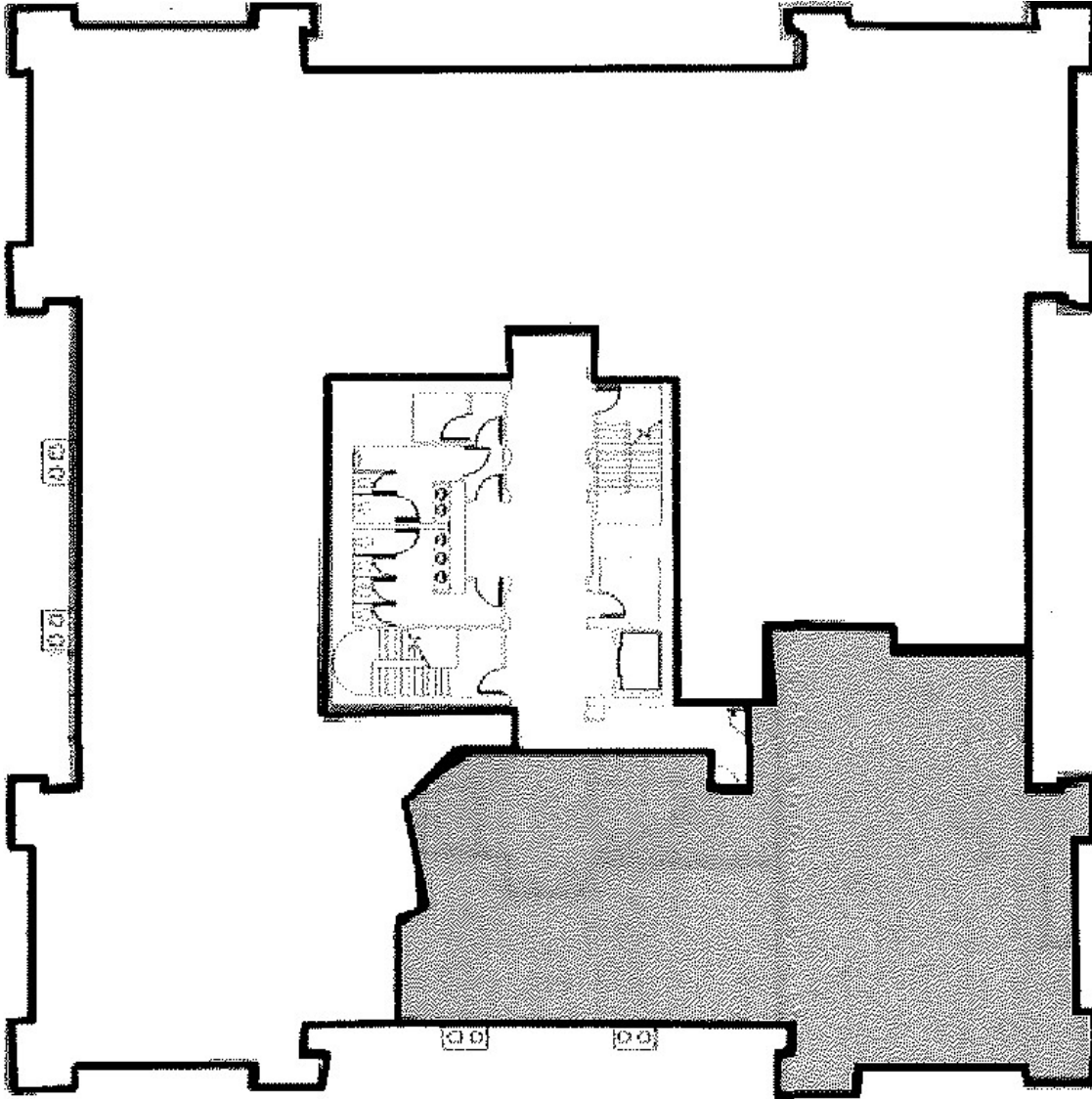


EXHIBIT A-3

FLOOR PLAN OF MUST-TAKE SPACE

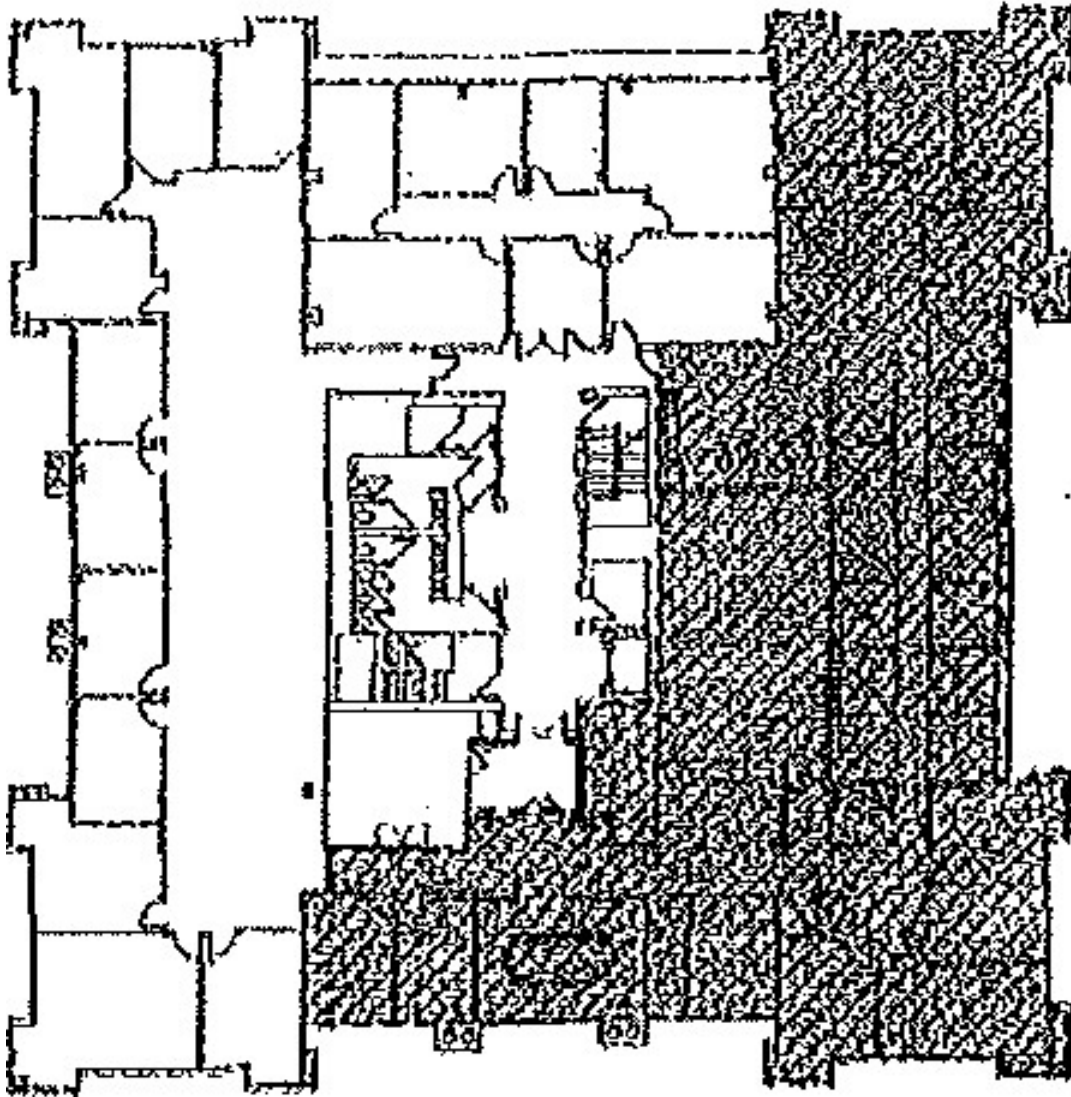


EXHIBIT B

DECLARATION OF TAP COMMENCEMENT DATE

This Declaration of TAP Commencement Date is made as of _____, 201____, by and between **IVC MERIDIAN TT 0, LLC**, a Delaware limited liability company ("Landlord"), and **CHIMERIX, INC.**, a Delaware corporation ("Tenant"), who agree as follows:

1. Landlord and Tenant entered into that certain Sixth Amendment to Office Lease Agreement dated _____, 2015 (the "Sixth Amendment"), in which Landlord leased to Tenant, and Tenant leased from Landlord, certain Third Additional Premises described therein in the office building located at 2505 Meridian Parkway, Durham, North Carolina (the "Building"). All capitalized terms herein are as defined in the Sixth Amendment.

2. Pursuant to the Sixth Amendment, Landlord and Tenant agreed to and do hereby confirm that the TAP Commencement Date is _____ 2015.

3. Tenant confirms that:

- a. it has accepted possession of the Third Additional Premises as provided in the Sixth Amendment;
- b. Landlord is not required to perform any further work or furnish any further improvements to the Third Additional Premises under the Lease;
- c. Landlord has fulfilled all of its obligations under the Lease as of the date hereof;
- d. the Lease is in full force and effect and has not been modified, altered, or amended, except as follows: _____ ; and
- e. there are no set-offs or credits against Rent, and no Security Deposit or prepaid Rent has been paid except as provided by the Lease.

4. The provisions of this Declaration of TAP Commencement Date shall inure to the benefit of, or bind, as the case may require, the parties and their respective successors and assigns, and to all mortgagees of the Building, subject to the restrictions on assignment and subleasing contained in the Lease, and are hereby attached to and made a part of the Lease.

[signatures appear on the following page]

LANDLORD:

IVC MERIDIAN TT 0, LLC, a Delaware limited liability company

By: _____

Name:

Title:

TENANT:

CHIMERIX, INC., a Delaware corporation

By: 

Name: Timothy W. Trost

Title: Sr. Vice President + CFO

EXHIBIT B-1

DECLARATION OF FoAP COMMENCEMENT DATE

This Declaration of FoAP Commencement Date is made as of , 201_, by and between IVC **MERIDIAN TT 0, LLC**, a Delaware limited liability company ("Landlord"), and **CHIMERIX, INC.**, a Delaware corporation ("Tenant"), who agree as follows:

1. Landlord and Tenant entered into that certain Sixth Amendment to Office Lease Agreement dated , 2015 (the "Sixth Amendment"), in which Landlord leased to Tenant, and Tenant leased from Landlord, certain Fourth Additional Premises described therein in the office building located at 2505 Meridian Parkway, Durham, North Carolina (the "Building"). All capitalized terms herein are as defined in the Sixth Amendment.

1. Pursuant to the Sixth Amendment, Landlord and Tenant agreed to and do hereby confirm that the FoAP Commencement Date is , 2015.
2. Tenant confirms that:
 - a. it has accepted possession of the Fourth Additional Premises as provided in the Sixth Amendment;
 - b. Landlord is not required to perform any further work or furnish any further improvements to the Fourth Additional Premises under the Lease;
 - c. Landlord has fulfilled all of its obligations under the Lease as of the date hereof;
 - d. the Lease is in full force and effect and has not been modified, altered, or amended, except as follows: ; and
 - e. there are no set-offs or credits against Rent, and no Security Deposit or prepaid Rent has been paid except as provided by the Lease.

3. The provisions of this Declaration of FoAP Commencement Date shall inure to the benefit of, or bind, as the case may require, the parties and their respective successors and assigns, and to all mortgagees of the Building, subject to the restrictions on assignment and subleasing contained in the Lease, and are hereby attached to and made a part of the Lease.

[signatures appear on the following page]

LANDLORD:

IVC MERIDIAN TT 0, LLC, a Delaware limited liability company

By: _____
Name: _____ Title: _____

TENANT:

CHIMERIX, INC., a Delaware corporation


By: 
Name: Timothy W. Trost
Title: Sr. Vice President + CFO

EXHIBIT C

FORM OF MEMORANDUM OF LEASE

PREPARED BY AND
AFTER RECORDING MAIL TO:

Memorandum of Lease

This Memorandum of Lease (this "Memorandum") dated as of _____, 201_, is made by and between IVC Meridian TT 0 LLC, a Delaware limited liability company ("Landlord"), and Chimerix, Inc., a Delaware corporation ("Tenant").

RECITALS:

A. By that certain Office Lease dated September 1, 2007, as amended (collectively, the "Lease"), by and between Landlord and Tenant, Landlord leases to Tenant, and Tenant leases from Landlord, the premises containing approximately 29,053 rentable square feet, as more particularly described in the Lease (the "Premises"), in the building owned by Landlord and having a street address of 2505 Meridian Parkway, Durham, North Carolina (the "Building"). The Building is located upon the land described on Exhibit A attached hereto and incorporated herein by this reference (the "Land").

B. Landlord and Tenant desire to execute and record this Memorandum for the purpose of giving notice of the existence of the Lease.

C. Unless otherwise provided herein, all capitalized words and terms in this Memorandum shall have the same meanings ascribed to such words and terms as in the Lease.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

I. Premises. For and in consideration of the rents reserved and the covenants and agreements contained in the Lease, Landlord has leased unto Tenant, and Tenant has leased from Landlord, the Premises.

1. Lease Term. The term of the Lease expires on February 28, 2021.

2. Intentionally Omitted.

3. Subordination. The Lease is, by its terms, subordinate to each mortgage or deed of trust which may now or hereafter encumber the Land and to all renewals, modifications, consolidations, replacements and extensions thereof.

4. Conflict with Lease. If there is any conflict between the terms of this Memorandum and the terms of the Lease, the terms of the Lease shall control.

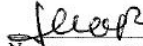
5. Termination of Memorandum. In consideration of the rights granted to Tenant under the Lease, Tenant has agreed that this Memorandum shall terminate ipso facto on the earlier of the termination of the Lease or the expiration of the term of the Lease. This clause shall be self-operative and no further instruments are required to effectuate such termination, provided, however, that Tenant agrees to execute and file a termination of this Memorandum upon Landlord's request.

(Signature Pages Follow)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of the day and year first written above.

LANDLORD:

IVC MERIDIAN TT 0, LLC,
a Delaware limited liability company

By: 
Name: J. Michael O'Brien
Title: Vice President

STATE OF New York)
) SS.
COUNTY OF New York)

I, Michelle L. Kaler, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that J. Michael O'Brien, personally known to me to be the Vice President of IVC Meridian TT 0, LLC, a Delaware limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such Vice President of IVC Meridian TT 0, LLC, a Delaware limited liability company, he/she signed and delivered the said instrument as his/her free and voluntary act, and as the free and voluntary act and deed of said limited liability company, for the uses and purposes and therein set forth.

Given under my hand and official seal this 27 day of April, 2015.


Notary Signature

My Commission Expires: _____
Notary Seal: **MICHELLE L. KALER**
Notary Public - State of New York
No. 01KA6289638
Qualified in New York County
My Commission Expires September 30, 2017

TENANT:

CHIMERIX, INC., a Delaware corporation

By: [Signature]
Name: Timothy W. Trost
Title: Sr. Vice President + CFO

STATE OF North Carolina)
) SS.
COUNTY OF Durham)

I, Darcey J. Moore, a Notary Public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Timothy W. Trost, personally known to me to be the Sr. VP + CFO of CHIMERIX, Inc., a Delaware corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such Sr. VP + CFO of CHIMERIX, Inc., he/she signed and delivered the said instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority, given by the Board of Directors of said corporation as his/her free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes and therein set forth.

Given under my hand and official seal this 22nd day of April, 2015.

Darcey J. Moore
Notary Signature

My Commission Expires: _____

Notary Seal:

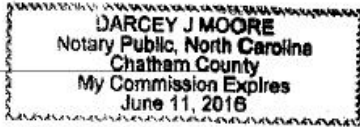


EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO. 25	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. N/A.		5. PROJECT NO. (if applicable)
6. ISSUED BY ASPR-BARDA 200 Independence Ave., S.W. Room 640-G Washington DC 20201	CODE ASPR-BARDA	7. ADMINISTERED BY (if other than Item 6) ASPR-BARDA 330 Independence Ave, SW, Rm G640 Washington DC 20201		CODE ASPR-BARDA02
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) CHIMERIX, INC. 1377270 CHIMERIX, INC. 2505 MERIDIAN P 2505 MERIDIAN PKWY STE 340 DURHAM NC 277135246		9A. AMENDMENT OF SOLICITATION NO.		
		9B. DATED (SEE ITEM 11)		
		X 10A. MODIFICATION OF CONTRACT/ORDER NO. HHSO100201100013C		
CODE 1377270		FACILITY CODE		10B. DATED (SEE ITEM 13) 02/16/2011

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

O The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers **O** is extended. **O** is not extended Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. **FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.** If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)

N/A

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority) Bilateral: Mutual Agreement of the Parties

E. IMPORTANT: Contractor **O** is not. **X** is required to sign this document and return 0 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Tax ID Number: 33-0903395

DUNS Number: 121785997

A. The purpose of this modification is to incorporate the following changes into the contract:

- The period of performance for Option 1/CLIN 0002 of Contract Number HHSO100201100013C ONLY is hereby changed from 1 June 2013 through 31 March 2015 to 1 June 2013 through 30 April 2015, at no additional cost to the Government. The total amount and scope of Option 1/CLIN 0002 of Contract Number HHSO100201100013C remains unchanged. This modification also confirms that all activities under the base period of performance CLIN 0001 were completed as of 31 May 2013.

Continued ...

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Michael D Rogers		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) ETHAN J. MUELLER	
15B. CONTRACTOR/OFFEROR <u>/s/ Michael D Rogers</u> (Signature of person authorized to sign)	15C. DATE SIGNED 3/26/2015	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED

NAME OF OFFEROR OR CONTACTOR
CHIMERIX, INC. 1377270

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)		
	2. The total amount, scope and period of performance of all other CLINs that are currently being performed under the contract remain unchanged. This modification does not exercise any unexercised Option CLINs under the contract and does not authorize any performance of efforts under any unexercised Option CLINs under the contract. In addition, the total amount, scope and period of performance of all unexercised Option CLINs under the contract remain unchanged.						
	B. This is a no cost bilateral modification. All other terms and conditions of contract number HHSO100201100013C remain unchanged.						
	Period of Performance: 02/16/2011 to 11/30/2015						

**Certification of President and Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, M. Michelle Berrey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended March 31, 2015 of Chimerix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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: May 11, 2015

/s/ M. Michelle Berrey

M. Michelle Berrey, M.D., MPH

President and Chief Executive Officer

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Timothy W. Trost, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended March 31, 2015 of Chimerix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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: May 11, 2015

/s/ Timothy W. Trost

Timothy W. Trost

Senior Vice President, Chief Financial Officer and
Corporate Secretary

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

In connection with the Quarterly Report on Form 10-Q of Chimerix, Inc. (the "Company") for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Michelle Berrey, as Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. Michelle Berrey

Name: M. Michelle Berrey, M.D., MPH

Title: President and Chief Executive Officer

Date: May 11, 2015

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 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.

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

In connection with the Quarterly Report on Form 10-Q of Chimerix, Inc. (the "Company") for the period ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy W. Trost, as Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Timothy W. Trost

Name: Timothy W. Trost
Senior Vice President, Chief Financial Officer
and Corporate Secretary

Date: May 11, 2015

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 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.