

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 June 30, 2019

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 100

Durham, North Carolina

(Address of Principal Executive Offices)

27713

(Zip Code)

(919) 806-1074

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	CMRX	The Nasdaq Global Market

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 July 31, 2019, the number of outstanding shares of the registrant's common stock, par value \$0.001 per share, was 61,270,268.

CHIMERIX, INC.

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2019

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,644	\$ 81,106
Short-term investments, available-for-sale	136,755	105,424
Accounts receivable	774	330
Prepaid expenses and other current assets	2,200	2,598
Total current assets	161,373	189,458
Property and equipment, net of accumulated depreciation	1,054	1,210
Operating lease right-of-use assets	969	—
Other long-term assets	45	46
Total assets	\$ 163,441	\$ 190,714
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,832	\$ 4,691
Accrued liabilities	11,954	8,275
Total current liabilities	13,786	12,966
Lease-related obligations	537	144
Total liabilities	14,323	13,110
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized at June 30, 2019 and December 31, 2018; no shares issued and outstanding as of June 30, 2019 and December 31, 2018	—	—
Common stock, \$0.001 par value, 200,000,000 shares authorized at June 30, 2019 and December 31, 2018; 51,230,916 and 50,735,279 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	51	51
Additional paid-in capital	740,547	733,907
Accumulated other comprehensive gain (loss), net	125	(92)
Accumulated deficit	(591,605)	(556,262)
Total stockholders' equity	149,118	177,604
Total liabilities and stockholders' equity	\$ 163,441	\$ 190,714

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Contract revenue	\$ 1,438	\$ 1,193	\$ 3,794	\$ 1,983
Operating expenses:				
Research and development	13,827	13,712	27,342	28,071
General and administrative	6,312	6,650	13,998	13,388
Total operating expenses	20,139	20,362	41,340	41,459
Loss from operations	(18,701)	(19,169)	(37,546)	(39,476)
Other (expense) income:				
Unrealized loss on equity investment	(22)	(78)	(30)	(212)
Interest income and other, net	1,073	634	2,233	1,249
Net loss	(17,650)	(18,613)	(35,343)	(38,439)
Other comprehensive loss:				
Unrealized gain on debt investments, net	77	225	217	122
Comprehensive loss	\$ (17,573)	\$ (18,388)	\$ (35,126)	\$ (38,317)
Per share information:				
Net loss, basic and diluted	\$ (0.35)	\$ (0.39)	\$ (0.69)	\$ (0.81)
Weighted-average shares outstanding, basic and diluted	51,130,104	47,811,552	51,009,935	47,725,209

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

CHIMERIX, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands)
(unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance, December 31, 2018	\$ 51	\$ 733,907	\$ (92)	\$ (556,262)	\$ 177,604
Share-based compensation	—	4,073	—	—	4,073
Exercise of stock options	—	13	—	—	13
Employee stock purchase plan purchases	—	170	—	—	170
Comprehensive loss:					
Unrealized gain on investments, net	—	—	140	—	140
Net loss	—	—	—	(17,693)	(17,693)
Total comprehensive loss					(17,553)
Balance, March 31, 2019	\$ 51	\$ 738,163	\$ 48	\$ (573,955)	\$ 164,307
Share-based compensation	—	2,367	—	—	2,367
Exercise of stock options	—	17	—	—	17
Employee stock purchase plan purchases	—	—	—	—	—
Issuance of common stock, net of issuance costs	—	—	—	—	—
Comprehensive loss:					
Unrealized gain on investments, net	—	—	77	—	77
Net loss	—	—	—	(17,650)	(17,650)
Total comprehensive loss					(17,573)
Balance, June 30, 2019	\$ 51	\$ 740,547	\$ 125	\$ (591,605)	\$ 149,118

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance, December 31, 2017	\$ 47	\$ 709,514	\$ (963)	\$ (486,788)	\$ 221,810
Share-based compensation	1	3,391	—	—	3,392
Exercise of stock options	—	60	—	—	60
Employee stock purchase plan purchases	—	358	—	—	358
Comprehensive loss:					
Unrealized loss on investments, net	—	—	(103)	—	(103)
Net loss	—	—	—	(19,826)	(19,826)
Total comprehensive loss					(19,929)
Balance, March 31, 2018	\$ 48	\$ 713,323	\$ (1,066)	\$ (506,614)	\$ 205,691
Share-based compensation	—	4,035	—	—	4,035
Exercise of stock options	—	55	—	—	55
Employee stock purchase plan purchases	—	—	—	—	—
Issuance of common stock, net of issuance costs	—	—	—	—	—
Comprehensive loss:					
Unrealized loss on investments, net	—	—	225	—	225
Net loss	—	—	—	(18,613)	(18,613)
Total comprehensive loss					(18,388)
Balance, June 30, 2018	\$ 48	\$ 717,413	\$ (841)	\$ (525,227)	\$ 191,393

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

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (35,343)	\$ (38,439)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	306	487
Amortization of discount/premium on investments	(1,205)	(171)
Share-based compensation	6,440	7,427
Unrealized loss on equity investment	30	212
Lease-related amortization	(36)	(24)
Changes in operating assets and liabilities:		
Accounts receivable	(444)	1,463
Prepaid expenses and other assets	399	24
Accounts payable and accrued liabilities	302	(3,529)
Net cash used in operating activities	(29,551)	(32,550)
Cash flows from investing activities:		
Purchases of property and equipment	(150)	(96)
Purchases of short-term investments	(107,149)	(18,117)
Purchases of long-term investments	—	(6,031)
Proceeds from sales of short-term investments	—	22,000
Proceeds from maturities of short-term investments	77,210	43,500
Net cash (used in) provided by investing activities	(30,089)	41,256
Cash flows from financing activities:		
Proceeds from exercise of stock options	30	115
Proceeds from employee stock purchase plan	171	358
Payments of deferred offering costs	(23)	(280)
Net cash provided by financing activities	178	193
Net (decrease) increase in cash and cash equivalents	(59,462)	8,899
Cash and cash equivalents:		
Beginning of period	81,106	18,548
End of period	\$ 21,644	\$ 27,447

The accompanying notes are an integral part of the consolidated 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 accelerating the advancement of innovative medicines that make a meaningful impact in the lives of patients living with cancer and other serious diseases. The Company is developing CX-01 (dociparstat sodium), an investigational product, targeting multiple proteins involved in cancer cell resistance to chemotherapy, for the treatment of acute myeloid leukemia (AML) and other hematologic malignancies. The Company is also developing brincidofovir (BCV or CMX001), an anti-viral drug candidate, as a medical countermeasure for smallpox.

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (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, 2018. 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 and six months ended June 30, 2019 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.

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. The determination of where an asset or liability falls in the hierarchy requires significant judgment. 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.

At June 30, 2019, the Company had cash equivalents including money market accounts, and at December 31, 2018, the Company had cash equivalents including money market accounts and U.S. Treasury securities, whose value is based on using quoted market prices. At June 30, 2019 and December 31, 2018, the Company had short-term investments including U.S. Treasury securities, whose value is based on using quoted market prices. Accordingly, these securities are classified as Level 1.

At June 30, 2019 and December 31, 2018, the Company had short-term investments including stock of a U.S. corporation. The Company's investment in ContraVir Pharmaceuticals (ContraVir) common stock was categorized as a Level 1 asset and had a value based on ContraVir's common stock value at June 30, 2019 and December 31, 2018. For the three months ended June 30, 2019 and 2018, the Company recorded an unrealized loss related to the Company's investment in ContraVir common stock of approximately \$22,000 and \$78,000, respectively, and for the six months ended June 30, 2019 and 2018, the Company recorded an unrealized loss related to the Company's investments in ContraVir common stock of approximately \$30,000 and \$212,000, respectively, which was recognized in unrealized loss on equity investment in the Consolidated Statements of Operations and Comprehensive Loss.

At June 30, 2019, the Company had cash equivalents including commercial paper and short-term investments including commercial paper and corporate bonds. At December 31, 2018, the Company had cash equivalents including commercial paper and corporate bonds, and short-term investments including commercial paper and corporate bonds. As quoted prices are not available for these securities, they 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.

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. For additional information regarding the Company's investments, please refer to Note 2, "Investments."

Below are tables that present information about certain assets measured at fair value on a recurring basis (in thousands):

Fair Value Measurements

June 30, 2019

	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	\$ 11,906	\$ 11,906	\$ —	\$ —
Commercial paper	5,835	—	5,835	—
Total cash equivalents	17,741	11,906	5,835	—
Short-term investments				
U.S. treasury securities	38,405	38,405	—	—
Common stock of U.S. corporation	8	8	—	—
Commercial paper	45,673	—	45,673	—
Corporate bonds	52,669	—	52,669	—
Total short-term investments	136,755	38,413	98,342	—
Total assets	\$ 154,496	\$ 50,319	\$ 104,177	\$ —

Fair Value Measurements

December 31, 2018

	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	\$ 30,726	\$ 30,726	\$ —	\$ —
U.S. treasury securities	11,482	11,482	—	—
Commercial paper	29,677	—	29,677	—
Corporate bonds	4,008	—	4,008	—
Total cash equivalents	75,893	42,208	33,685	—
Short-term investments				
U.S. treasury securities	12,589	12,589	—	—
Common stock of U.S. corporation	38	38	—	—
Commercial paper	60,114	—	60,114	—
Corporate bonds	32,683	—	32,683	—
Total short-term investments	105,424	12,627	92,797	—
Total assets	\$ 181,317	\$ 54,835	\$ 126,482	\$ —

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	June 30, 2019	December 31, 2018
Accrued research and development expenses	\$ 6,378	\$ 4,525
Accrued compensation	4,154	2,469
Other accrued liabilities	1,422	1,281
Total accrued liabilities	\$ 11,954	\$ 8,275

Revenue Recognition

Policy

The Company's revenues generally consist of (i) contract revenue - revenue generated under federal contracts, and (ii) collaboration and licensing revenue - revenue related to non-refundable upfront fees, royalties and milestone payments earned under license agreements. Revenue is recognized in accordance with the criteria outlined in Accounting Standards Codification (ASC) 606 issued by the Financial Accounting Standards Board (FASB). Following this accounting pronouncement, a five-step approach is applied 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.

Biomedical Advanced Research and Development Authority (BARDA)

In February 2011, the Company entered into a contract with BARDA for the advanced development of brincidofovir as a medical countermeasure in the event of a smallpox release. Under the contract, the Company may receive up to \$75.8 million in expense reimbursement and \$5.3 million in fees over the performance of 1 base segment and 4 option segments. Exercise of each option segment is solely at the discretion of BARDA. Currently, option segments 1 through 3 have been exercised. The Company assessed the services in accordance with the authoritative guidance and concluded that there is a potential of 5 separate contracts (1 base segment and 4 option segments) within this agreement, each of which has a single performance obligation. The transaction price for each segment, based on the transaction price as defined in each segment contract, is allocated to the single performance obligation for each contract. The transaction price is recognized over time by measuring the progress toward complete satisfaction of the performance obligation. The progress toward complete satisfaction is estimated based on the costs incurred to date relative to the total estimated costs per the terms of each contract. The Company typically invoices BARDA monthly as costs are incurred. The base segment and first option segment were completed prior to adoption of ASC 606. The Company is currently performing under the second and third option segments of the contract during which the Company may receive up to a total of \$23.9 million and \$14.1 million in expense reimbursement and fees, respectively. The second option and third option segments are scheduled to end on May 31, 2020.

ContraVir Pharmaceuticals

The Company entered into a license agreement with ContraVir on December 17, 2014 for the development and commercialization of CMX157 for certain antiviral indications. The Company assessed the agreement in accordance with the authoritative guidance and concluded that the ContraVir contract includes multiple performance obligations, which had all been satisfied in 2015 prior to the adoption of ASC 606. The ContraVir contract has one fixed and several variable transaction amounts. The fixed fee portion of the contract was for the license to CMX157 rights. The Company recognized revenue for the fixed fee portion of the contract in 2015 when the performance obligations were satisfied. The license agreement was terminated effective June 1, 2019. In July 2019, ContraVir changed its name to Hepion Pharmaceuticals, Inc.

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 its research and development efforts. 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 research and development 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 its research and development efforts. The Company determines prepaid and accrual estimates through discussion with applicable personnel and outside service providers as to the progress or state of communication of clinical trials, or other services completed. The Company adjusts its rate of research and development expense recognition if actual results differ from its estimates. The Company makes estimates of its prepaid and 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 June 30, 2019, there had been no material adjustments to the Company's prior period estimates of prepaid and accruals for research and development expenses. The Company's research and development prepaids and accruals are dependent upon the timely and accurate reporting of contract research organizations and other third-party vendors.

Basic and Diluted Net Loss Per Share of Common Stock

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 non-vested restricted stock, stock options, and employee stock purchase plan purchase rights. Diluted net loss per share of common stock 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 to purchase common stock, non-vested restricted stock, stock options, and employee stock purchase plan purchase rights 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 and six months ended June 30, 2019 and 2018.

Impact of Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the impairment model by requiring entities to use a forward-looking approach on expected losses to estimate credit losses on certain financial instruments, including trade receivables and available-for-sale debt securities. The new guidance will be effective for the Company beginning in the first quarter of 2020, with early adoption permitted. The Company is currently evaluating the potential impact that this standard may have on its consolidated financial statements.

Impact of Recently Adopted Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)", which has been amended through subsequent ASUs, and which increases transparency and comparability among companies accounting for lease transactions. The most significant change of this update requires the recognition of lease assets and liabilities on the balance sheet for lessees for operating lease arrangements with lease terms greater than 12 months. This ASU is effective for financial statements issued for annual periods and interim periods within those annual periods, beginning after December 15, 2018. The Company adopted this standard effective January 1, 2019 using the alternative modified retrospective adoption method allowed by ASU 2018-11. The Company elected to use the package of three practical expedients which allows the Company not to reassess whether contracts are or contain leases, lease classification, and whether initial direct costs qualify for capitalization. The Company has completed its assessment of the impact of the standard and determined that the only material leases that the Company holds are real estate operating leases. Upon adoption of the standard, the Company recorded a right of use asset of \$1.4 million and lease liability of \$1.6 million on its consolidated balance sheets with no adjustment to beginning retained earnings in the period of adoption.

Note 2. Investments

The following tables summarize the Company's debt investments (in thousands):

	June 30, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	\$ 52,595	\$ 74	\$ —	\$ 52,669
U.S. treasury securities	38,379	27	(1)	38,405
Commercial paper	45,649	25	(1)	45,673
Total investments	\$ 136,623	\$ 126	\$ (2)	\$ 136,747

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	\$ 32,724	\$ —	\$ (41)	\$ 32,683
Commercial paper	60,159	—	(45)	60,114
U.S. treasury securities	12,592	—	(3)	12,589
Total investments	\$ 105,475	\$ —	\$ (89)	\$ 105,386

The following tables summarize the Company's debt investments with unrealized losses, aggregated by investment type and the length of time that individual investments have been in a continuous unrealized loss position (in thousands, except number of securities):

	June 30, 2019					
	Less than 12 Months		Greater than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Commercial paper	\$ 6,955	\$ (1)	\$ —	\$ —	\$ 6,955	\$ (1)
U.S. treasury securities	9,980	(1)	—	—	9,980	(1)
Total	<u>\$ 16,935</u>	<u>\$ (2)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,935</u>	<u>\$ (2)</u>
Number of securities with unrealized losses		<u>4</u>		<u>—</u>		<u>4</u>

	December 31, 2018					
	Less than 12 Months		Greater than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$ 32,683	\$ (41)	\$ —	\$ —	\$ 32,683	\$ (41)
Commercial paper	60,114	(45)	—	—	60,114	(45)
U.S. treasury securities	12,589	(3)	—	—	12,589	(3)
Total	<u>\$ 105,386</u>	<u>\$ (89)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 105,386</u>	<u>\$ (89)</u>
Number of securities with unrealized losses		<u>36</u>		<u>—</u>		<u>36</u>

The Company periodically reviews available-for-sale securities for other-than-temporary declines in fair value below the cost basis and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates, among other things, the duration and extent to which the fair value of a security is less than its cost; the financial condition of the issuer and any changes thereto; and the Company's intent to sell, or whether it will more likely than not be required to sell, the security before recovery of its cost basis. At June 30, 2019, the Company did not intend to sell, and was not more likely than not to be required to sell, the available-for-sale debt securities in an unrealized loss position before recovery of the cost basis of the securities, which may be at maturity. There were no such declines in value for the three and six months ended June 30, 2019 and 2018. Unrealized gains and losses on debt investments are recorded to unrealized gain (loss) on investments, net in the Consolidated Statements of Operations and Comprehensive Loss. The Company recognizes interest income on an accrual basis in interest income in the Consolidated Statements of Operations and Comprehensive Loss.

The following table summarizes the scheduled maturity for the Company's debt investments at June 30, 2019 (in thousands):

Maturing in one year or less	\$ 136,747
Maturing after one year through two years	—
Total debt investments	<u>136,747</u>
Common stock of U.S. corporation	8
Total investments	<u>\$ 136,755</u>

Note 3. Commitments and Contingencies

Leases

The Company leases its facilities under long-term operating leases that expire at various dates through 2021. The Company generally has options to renew lease terms on its facilities, which may be exercised at the Company's sole discretion. In addition, certain lease arrangements may be terminated prior to their original expiration date at the Company's discretion. The Company evaluates renewal and termination options at the lease commencement date to determine if it is reasonably certain to exercise the option and

have concluded on all operating leases that it is not reasonably certain that any options will be exercised. The weighted-average remaining lease term for the Company's operating leases as of June 30, 2019 was 1.75 years.

Expense related to leases is recorded on a straight-line basis over the lease term. Lease expense under operating leases, including common area maintenance fees, totaled approximately \$182,000 and \$181,000, respectively, for the three months ended June 30, 2019 and 2018, and \$376,000 and \$351,000 for the six months ended June 30, 2019 and 2018, respectively.

The discount rate implicit within the Company's leases is generally not determinable and therefore the Company determines the discount rate based on its incremental borrowing rate based on the information available at commencement date. As of June 30, 2019, the operating lease liabilities reflect a weighted-average discount rate of 13.07%.

The following table sets forth the operating lease right-of-use assets and liabilities as of June 30, 2019 (in thousands):

Assets	
Operating Lease Right-of-Use Assets	\$ 969
Liabilities	
Operating Lease Short-term Liabilities (recorded within Accrued liabilities)	\$ 618
Operating Lease Long-term Liabilities (recorded within Lease-related obligations)	519
Total Operating Lease Liabilities	<u>\$ 1,137</u>

Operating lease payments over the remainder of the lease terms are as follows (in thousands):

Years Ending December 31,	As of June 30, 2019	
2019	\$	365
2020		719
2021		182
Total future minimum rental payments	\$	1,266
Less amount of lease payments representing interest		129
Total present value of lease payments	<u>\$</u>	<u>1,137</u>

As of December 31, 2018, future minimum payments under operating leases under ASC 840 were as follows (in thousands):

Years Ending December 31,	As of December 31, 2018	
2019	\$	786
2020		797
2021		235
Total future minimum rental payments	<u>\$</u>	<u>1,818</u>

For the three months ended June 30, 2019 and 2018, the Company made lease payments of approximately \$194,000 and \$186,000, respectively, and for the six months ended June 30, 2019 and 2018, the Company made lease payments of approximately \$386,000 and \$370,000, respectively, which are included in operating cash flows.

Sublease

The Company subleases 3,537 square feet of its office space under a non-cancelable operating lease that expires in February 2021. For the three and six months ended June 30, 2019, the Company recognized approximately \$18,000 and \$35,000 of income in Interest income and other, net on the Consolidated Statement of Operations and Comprehensive Loss. For the three and six months ended June 30, 2018, the Company recognized approximately \$18,000 and \$35,000 of a reduction of rent expense in operating expenses on the Consolidated Statement of Operations and Comprehensive Loss. Total future minimum rentals under the non-cancelable operating sublease are presented below (in thousands):

Years Ending December 31,	As of June 30, 2019	
2019	\$	39
2020		81
2021		14
Total future minimum sublease rentals	\$	134

Significance of Revenue Source

The Company is the recipient of federal research contract funds from BARDA, the sole source of the Company's contract revenue. 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 had been made as of June 30, 2019 and December 31, 2018.

Note 4. Equity Transactions and 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), non-statutory 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, 2019, the common stock reserved for issuance under the 2013 Plan was automatically increased by 2.0 million shares. As of June 30, 2019, there was a total of 2.3 million shares reserved for future issuance under the 2013 Plan. The Company issued approximately 6,000 and 14,000 shares of common stock pursuant to the exercise of stock options during the three and six months ended June 30, 2019, respectively.

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, 2019, the common stock reserved for issuance under the ESPP was automatically increased by an additional 422,535 shares.

The Company has reserved a total of 3.1 million shares of common stock to be purchased under the ESPP, of which 2.4 million shares remained available for purchase as of June 30, 2019. The ESPP 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. Eligible employees may authorize an amount up to 15% of their salary to purchase common stock at the lower of a 15% discount to the beginning price of their offering period or a 15% discount to the ending price of each six-month purchase interval. The Company issued no shares of common stock

pursuant to the ESPP during the three months ended June 30, 2019. The Company issued approximately 113,000 shares of common stock pursuant to the ESPP during the six months ended June 30, 2019. Compensation expense for shares purchased under the ESPP related to the purchase discount and the “look-back” option and were determined using a Black-Scholes option pricing model.

Restricted Stock Units

The Company has issued RSUs to certain employees which vest based on service criteria. When vested, the RSU represents the right to be issued the number of shares of the Company's common stock that is equal to the number of RSUs granted. The grant date fair value for RSUs is based upon the market price of the Company's common stock on the date of the grant. The fair value is then amortized to compensation expense over the requisite service period or vesting term. The Company issued approximately 201,000 and 369,000 shares of common stock pursuant to the vesting of RSUs during the three and six months ended June 30, 2019, respectively.

Stock-based Compensation

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. Total share-based compensation expense recognized related to stock options, the ESPP and RSUs was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Research and development expense	\$ 1,000	\$ 1,536	\$ 2,270	\$ 2,856
General and administrative expense	1,367	2,500	4,170	4,571
Total share-based compensation expense	\$ 2,367	\$ 4,036	\$ 6,440	\$ 7,427

On February 5, 2019, Dr. M. Michelle Berrey, the Company's then President and Chief Executive Officer, resigned. The Company entered into a severance agreement with Dr. Berrey that provides for severance benefits to her in connection with her resignation. Among other benefits, Dr. Berrey received accelerated vesting of her outstanding stock options and RSUs as if she had continued service for an additional 15 month period. In addition, Dr. Berrey's vested options were modified to extend her exercise period to May 5, 2020. The Company recorded a charge of \$1.8 million to compensation expense on the date of her resignation related to the acceleration of vesting and the modifications of her outstanding stock options and RSUs.

In April 2019, the Company granted stock options covering a total of 1,750,000 shares in connection with the hiring of its Chief Executive Officer and Chief Business Officer. These grants were non-qualified stock options, have a 10-year term and will vest over four years, with one-fourth vesting on the one-year anniversary of the grant date and remaining three-fourths vesting over the following three years in equal monthly installments. These stock options are subject to the terms of the Company's 2013 Equity Incentive Plan, but were granted outside of the 2013 Equity Incentive Plan, as they constituted inducement grants in accordance with Nasdaq Stock Market rules.

In May 2019, related to the Company's reduction in workforce further discussed in Note 7, certain outstanding stock option and RSU grants received accelerated vesting as if the service period of the terminated employee continued for an additional 12 month period. In addition, certain vested options were modified to extend their exercise period for 12 months. The Company recorded a charge of \$0.7 million to compensation expense on the date of the reduction in workforce related to the acceleration of vesting and the modifications of the outstanding stock options and RSUs.

Note 5. Income Taxes

The Company estimates an annual effective tax rate of 0% for the year ending December 31, 2019 as the Company incurred losses for the six month period ended June 30, 2019 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, 2019. 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 ASC 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.

At June 30, 2019, the Company had no unrecognized tax benefits that would reduce the Company's effective tax rate if recognized.

Note 6. 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. On July 1, 2019, the Company provided a notice of termination of the license agreement effective September 29, 2019. The termination of the license to the UC Patent Rights does not affect the Chimerix solely-owned patents covering CMX001/brincidofovir composition of matter that currently are set to expire in 2034.

Biomedical Advanced Research and Development Authority (BARDA)

In February 2011, the Company entered into a contract with BARDA for the advanced development of brincidofovir as a medical countermeasure in the event of a smallpox release. Under the contract, BARDA will reimburse the Company, plus pay a fixed fee, for the research and development of brincidofovir as a broad-spectrum therapeutic antiviral for the treatment of smallpox infections. The contract consists of an initial performance period, referred to as the base performance segment, plus up to four extension periods, referred to as option segments, each of which may be exercised at BARDA's sole discretion. The Company must complete the agreed upon milestones and deliverables in each discrete work segment before the next option segment is eligible to be exercised. 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.

The Company is currently performing under the second and third option segments of the contract during which the Company may receive up to a total of \$23.9 million and \$14.1 million in expense reimbursement and fees, respectively. The second and third option segments are scheduled to end on May 31, 2020. Of the \$75.8 million in expense reimbursement and \$5.3 million in fees that the Company may receive, approximately \$74.3 million in expense reimbursement and fees has been funded. As of June 30, 2019, of the total funding the Company had invoiced an aggregate of \$66.3 million with respect to the base performance segment and the first three option segments. For the three months ended June 30, 2019 and 2018, the Company recognized revenue under this contract of \$1.4 million and \$1.2 million, respectively, and for the six months ended June 30, 2019 and 2018, the Company recognized revenue under this contract of \$3.8 million and \$2.0 million, respectively.

ContraVir Pharmaceuticals

On December 17, 2014, the Company entered into a license agreement with ContraVir (Nasdaq:CTRV) for the development and commercialization of CMX157 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 ContraVir Series B Convertible Preferred Stock which the Company converted into shares of ContraVir common stock in 2016. As of June 30, 2019 and December 31, 2018, the fair value of the investment was recorded as a short-term investment of approximately \$8,000 and \$38,000, respectively.

The license agreement was terminated effective June 1, 2019. In July 2019, ContraVir changed its name to Hepion Pharmaceuticals, Inc.

University of Michigan

In 2006, the Company entered into a license agreement with The Regents of the University of Michigan (UM) under which the Company obtained an exclusive, worldwide license to UM's patent rights in certain inventions (UM Patent Rights) related to certain compounds originally synthesized at UM. Under the license agreement, the Company is permitted to research, develop, manufacture and commercialize products utilizing the UM Patent Rights, and to sublicense such rights subject to certain sublicensing fees and royalty payments.

In consideration for the rights granted to the Company, under the license agreement as amended in December 2016, the Company paid UM \$50,000 in fees in 2016 and in January 2017 issued UM an aggregate of 33,058 shares of its common stock. In connection with the Company's commercialization or sublicensing of certain products covered by the license agreement, including CMX521, the Company could be required to pay royalties on net sales of such products ranging from 0.25% to 2%. Beginning in 2024, the Company is also subject to certain minimum annual royalty payments.

The UM license agreement requires that the Company use commercially reasonable efforts to develop and make commercially available licensed products as soon as practicable. Specifically, the Company has agreed to make the first commercial sale of a licensed product by June of 2026. UM may terminate the license agreement if the Company materially breaches the license agreement. The Company is currently in compliance with its milestone requirements.

Note 7. Restructuring Costs

In May 2019, the Company made the decision to discontinue the development of oral and IV BCV development programs for the treatment of Adenovirus (AdV) in pediatric stem-cell transplant (HCT) patients. The Company's development efforts with respect to BCV are now focused on the treatment of smallpox. As a result, the Company restructured its operations, which included a reduction in workforce of 43 full-time employees and the accrual of expenses to close-out the two Phase 2 clinical trials (study 210 and study 211), one Phase 3 (AdAPT) clinical trial and other supportive BCV development programs. The Company recorded charges for one-time employee termination benefits of \$3.3 million, contract close-out costs of \$2.8 million, and other BCV development costs of \$0.3 million during the three months ended June 30, 2019. The \$2.8 million of contract close-out costs were recorded through an increase in liabilities of \$2.1 million with the remainder recognized through the expensing of prepaid balances. As of June 30, 2019, the Company had a clinical trial accrual balance related to the AdAPT, 210 and 211 trial terminations of \$2.1 million, other development costs accrual of \$0.3 million and a severance accrual balance of \$1.8 million, which are expected to be fully paid by June 2020.

The following table summarizes the restructuring charges (in thousands) recorded for the three months ended June 30, 2019:

	Employee Termination Benefits	Clinical Trial Close-out Costs	Other Development Costs	Total
Research and development	1,426	2,837	315	4,578
General and administrative	1,909	—	—	1,909
Total restructuring expenses	3,335	2,837	315	6,487

The following table sets forth the accrual activity for employee termination benefits and contract close-out costs (in thousands) for the three months ended June 30, 2019. No additional charges are expected to be incurred.

	Employee Termination Benefits	Clinical Trial Close-out Costs	Other Development Costs	Total
Balance at March 31, 2019	—	—	—	—
Accruals	3,335	2,131	315	5,781
Payments	(1,551)	(69)	—	(1,620)
Balance at June 30, 2019	1,784	2,062	315	4,161

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 June 30, 2019, and events which occurred subsequently but were not recognized in the financial statements.

On July 26, 2019, the Company entered into an exclusive worldwide license agreement with Cantex Pharmaceuticals (Cantex) for the development and commercialization of CX-01, the lead indication for which is first line AML.

In exchange for the exclusive worldwide license to CX-01, Cantex received an upfront payment of \$30.0 million and 10.0 million shares of the Company's common stock. Cantex is also eligible to receive milestone payments upon completion of certain regulatory and net sales events as well as tiered royalty payments based on percentages of net sales.

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 consolidated 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, 2018 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, 2018, filed with the Securities and Exchange Commission (SEC) on March 5, 2019. 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 1A, "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, Inc. is a biopharmaceutical company dedicated to accelerating the advancement of innovative medicines that make a meaningful impact in the lives of patients living with cancer and other serious diseases. The Company is developing CX-01 (dociparstat sodium), an investigation product, targeting multiple proteins involved in cancer cell resistance to chemotherapy, for the treatment of acute myeloid leukemia and other hematologic malignancies. The Company is also developing brincidofovir (BCV or CMX001), an anti-viral drug candidate, as a medical countermeasure for smallpox.

Recent Developments

Our Strategy

Until recently, we have been developing BCV in commercial indications for the treatment and prevention of multiple DNA viruses. Our AdAPT trial was designed to study oral BCV as a treatment of adenovirus (AdV) in pediatric stem-cell transplant (HCT) patients with confirmed AdV infection. Concurrently, we have been conducting two Phase 2 studies of intravenous IV BCV in adult allogeneic HCT recipients with AdV (Study-210 and Study-211). In May 2019, we decided to discontinue both the oral and IV development programs of BCV in AdV and the associated clinical trials in order to conserve our cash resources while we pursue external opportunities to build our pipeline of product candidates.

In addition to our recently completed transaction with Cantex Pharmaceuticals, Inc. (Cantex) described below, management is conducting a review of transactions designed to build our product candidate pipeline, including, but not limited to, merger or acquisition transactions, issuing or transferring shares of common stock, or the license, purchase or sale of specific assets, in addition to other potential actions aimed at maximizing stockholder value. There can be no assurance that this review will result in the identification or consummation of any additional transaction.

License and Development Agreement with Cantex Pharmaceuticals, Inc.

In July 2019, we entered into a License and Development Agreement with Cantex pursuant to which we acquired exclusive worldwide rights to develop and commercialize, for any and all uses, a heparin derivative known as CX-01 (dociparstat sodium or ODSH), which is currently being studied for the treatment of acute myeloid leukemia (AML) and other serious diseases. Under the terms of the license agreement, we will be responsible for, and bear the future costs of, worldwide development and commercialization of CX-01.

In consideration for the license rights, we made an upfront cash payment of \$30.0 million and issued 10,000,000 shares of our common stock to Cantex. The license agreement obligates us to pay Cantex regulatory milestone payments of up to \$202.5 million upon receipt of product approvals in the United States, the European Union and Japan, and sales milestone payments of up to \$385 million upon achievement of specified net sales levels. We also agreed to pay Cantex tiered royalties based on percentages of net sales beginning at 10% and not to exceed the high-teens.

CX-01 has received Fast Track and Orphan Drug Designations from the U.S. Food and Drug Administration for the treatment of AML.

We plan to initiate a Phase 3 clinical trial of CX-01 for the treatment of AML in mid-2020 subject to discussions with FDA.

Supply Agreement with Scientific Protein Laboratories LLC

In July, we were assigned Cantex's rights under a supply agreement with Scientific Protein Laboratories LLC (SPL) pursuant to which SPL will exclusively produce CX-01 for us through October 2030 (the Supply Agreement). We have agreed that SPL will be our exclusive provider of CX-01 during the term of the Supply Agreement.

Supply Agreement with Pyramid Laboratories Inc

In July, we were assigned Cantex's rights under a supply agreement with Pyramid Laboratories Inc. (Pyramid) pursuant to which Pyramid will provide CX-01 finished drug product to us.

Oral Brincidofovir for the Treatment of Smallpox

Earlier this year we announced positive top-line results from the in-life portion of both the rabbit pox and mouse ectromelia virus study (or "mousepox" study), which examined BCV using our second animal model of human smallpox conducted under the Animal Efficacy Rule. We are collaborating with the Biomedical Advanced Research and Development Authority (BARDA) for the development of BCV as a potential medical countermeasure for smallpox.

Data from these studies are intended to address the requirement under the FDA's Animal Efficacy Rule for two different animal models of efficacy. Further confirmatory analyses (e.g. secondary endpoints) of these studies are currently underway.

Contingent upon receiving final audited results of these two key animal efficacy studies, along with preparing data necessary to bridge to a recommended human dose, we intend to submit marketing applications for BCV for the treatment of smallpox in 2020.

FINANCIAL OVERVIEW

Revenues

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

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, referred to as option segments. Subsequent option segments to the contract are not subject to automatic renewal and are not exercisable at our discretion. The contract is a cost plus fixed fee development contract. Under the contract as currently in effect, we may cumulatively receive up to \$75.8 million in expense reimbursement and \$5.3 million in fees if the remaining option segment is exercised. We are currently performing under the second and third option segments of the contract during which we may receive up to a total of \$23.9 million and \$14.1 million in expense reimbursement and fees, respectively. The second and third option segments are scheduled to end on May 31, 2020. Of the \$75.8 million expense reimbursement and \$5.3 million in fees that we may receive, approximately \$74.3 million in expense reimbursement and fees has been funded. As of June 30, 2019, of the total funding the Company had invoiced an aggregate of \$66.3 million with respect to the base performance segment and the first three option segments. Under the BARDA contract, we recognized revenue of \$1.4 million and \$1.2 million during the three months ended June 30, 2019 and 2018, respectively, and we recognized revenue of \$3.8 million and \$2.0 million during the six months ended June 30, 2019 and 2018, respectively.

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 any 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 any product candidates. Our research and development expenses consist primarily of:

- fees paid to consultants and contract research organizations (CROs), including in connection with 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, restricted stock units 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 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.

From our inception through June 30, 2019, we have incurred approximately \$487.4 million in research and development expenses, of which \$438.7 million relates to our development of BCV. These costs were largely related to the conduct of our clinical trials of BCV.

The table below summarizes our research and development expenses for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Direct research and development expenses	\$ 7,264	\$ 7,716	\$ 14,948	\$ 15,428
Research and development personnel costs - excluding stock-based compensation	4,637	2,857	8,259	6,775
Research and development personnel costs - stock-based compensation	1,000	1,536	2,270	2,856
Indirect research and development expenses	926	1,603	1,865	3,012
Total research and development expenses	\$ 13,827	\$ 13,712	\$ 27,342	\$ 28,071

The successful development of 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 development of any product candidates or the period, if any, in which material net cash inflows from any product candidates may commence. This is due to the numerous risks and uncertainties associated with our business, as detailed in Part II, Item IA, "Risk Factors" in this Quarterly Report on Form 10-Q and in our other filings with the SEC.

Brincidofovir

The majority of our research and development resources has been focused on completing our Phase 3 trial of brincidofovir for prevention of CMV in HCT recipients (SUPPRESS), our trial of brincidofovir as a treatment for AdV (AdVise), the AdAPT study in pediatric HCT recipients and our other clinical and preclinical studies 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. In May 2019, we decided to discontinue both the oral and IV development programs of BCV in AdV and the associated clinical trials in order to conserve our cash resources while we pursue external opportunities to build our pipeline of product candidates.

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 orthopoxvirus 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. In September 2014, we initiated performance under the second option segment of the contract with BARDA and are performing additional animal testing of brincidofovir. In September 2015, we initiated performance under the third option segment which focuses on brincidofovir chemistry, manufacturing and controls at large scale.

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 costs related to commercial readiness efforts, accounting and legal services, costs of various consultants, director and officer liability insurance, occupancy costs and information systems.

Unrealized Loss on Equity Investment

Unrealized loss on equity investment consists of the decrease in fair value of our investment in ContraVir Pharmaceuticals common stock.

Interest Income and Other, Net

Interest income and other, net consists primarily of interest earned on our cash, cash equivalents, short-term investments and long-term investments.

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. The total consolidated share-based compensation expense of \$2.4 million and \$4.0 million was recognized in the three months ended June 30, 2019 and 2018, respectively, and \$6.4 million and \$7.4 million was recognized in the six months ended June 30, 2019 and 2018, respectively. The share-based compensation expense recognized included expense for stock options, RSUs and employee stock purchase plan purchase rights.

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 expected volatility, expected term, risk-free interest rate, expected dividend yield, expected rate of forfeiture and the fair value of the underlying common stock on the date of grant.

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

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Our management's discussion and analysis of financial condition and results of operations is based on our unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate these estimates and judgments. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues and expenses that are not readily apparent from other sources. Actual results and experiences may differ materially from these estimates. In addition, our reported financial condition and results of operations could vary if new accounting standards are enacted that are applicable to our business.

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, 2018 filed with the SEC on March 5, 2019. There have been no material changes during the six months ended June 30, 2019 to our critical accounting policies, significant judgments and estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

RESULTS OF OPERATIONS

Comparison of the Three Months Ended June 30, 2019 and June 30, 2018

The following table summarizes our results of operations for the three months ended June 30, 2019 and June 30, 2018, together with the changes in those items (in thousands, except percentages):

	Three Months Ended June 30,		Dollar Change	% Change
	2019	2018	Increase/(Decrease)	
Contract revenue	\$ 1,438	\$ 1,193	\$ 245	20.5 %
Operating expenses:				
Research and development	13,827	13,712	115	0.8 %
General and administrative	6,312	6,650	(338)	(5.1)%
Total operating expenses	20,139	20,362	(223)	(1.1)%
Loss from operations	(18,701)	(19,169)	468	(2.4)%
Other (expense) income:				
Unrealized loss on equity investment	(22)	(78)	56	(71.8)%
Interest income and other, net	1,073	634	439	69.2 %
Net loss	\$ (17,650)	\$ (18,613)	\$ 963	(5.2)%

Contract Revenue

For the three months ended June 30, 2019, total contract revenue increased to \$1.4 million compared to \$1.2 million for the three months ended June 30, 2018. This change is related to an increase in reimbursable expenses related to our contract with BARDA.

Research and Development Expenses

For the three months ended June 30, 2019, our research and development expenses increased to \$13.8 million compared to \$13.7 million for the three months ended June 30, 2018. The increase of \$0.1 million, or 0.8%, is primarily related to the following:

- an increase of \$1.2 million in compensation and severance expenses;
- an increase of \$0.9 million related to oral and IV BCV program costs mainly attributable to the acceleration of closeout costs; offset by
- a decrease of \$0.8 million in expenses related to the smallpox program;
- a decrease of \$0.8 million in legal fees and operational expenses;
- a decrease of \$0.5 million in expenses related to our development of early stage compounds.

General and Administrative Expenses

For the three months ended June 30, 2019, our general and administrative expenses decreased to \$6.3 million compared to \$6.7 million for the three months ended June 30, 2018. The decrease of \$0.3 million, or 5.1%, is primarily related to the following:

- a decrease of \$1.5 million in commercial readiness and operational expenses; offset by
- an increase of \$0.7 million related to legal and consulting fees incurred in the pursuit of external opportunities to build our pipeline; and
- an increase of \$0.5 million in compensation and severance expenses.

Interest Income

For the three months ended June 30, 2019, our interest income increased to \$1.1 million compared to \$0.6 million for the three months ended June 30, 2018. This increase is attributable to increased interest earned on our cash and investments.

Comparison of the Six Months Ended June 30, 2019 and June 30, 2018

The following table summarizes our results of operations for the six months ended June 30, 2019 and June 30, 2018, together with the changes in those items (in thousands except percentages):

	Six Months Ended June 30,		Dollar Change	% Change
	2019	2018		
Contract revenue	\$ 3,794	\$ 1,983	\$ 1,811	91.3 %
Operating expenses:				
Research and development	27,342	28,071	(729)	(2.6)%
General and administrative	13,998	13,388	610	4.6 %
Total operating expenses	41,340	41,459	(119)	(0.3)%
Loss from operations	(37,546)	(39,476)	1,930	(4.9)%
Other (expense) income:				
Unrealized loss on equity investment	(30)	(212)	182	(85.8)%
Interest income and other, net	2,233	1,249	984	78.8 %
Net loss	<u>\$ (35,343)</u>	<u>\$ (38,439)</u>	<u>\$ 3,096</u>	<u>(8.1)%</u>

Contract Revenue

For the six months ended June 30, 2019, total contract revenue increased to \$3.8 million compared to \$2.0 million for the six months ended June 30, 2018. The increase of \$1.8 million, or 91.3%, is related to an increase in reimbursable expenses under our contract with BARDA.

Research and Development Expenses

For the six months ended June 30, 2019, our research and development expenses decreased to \$27.3 million compared to \$28.1 million for the six months ended June 30, 2018. The decrease of \$0.7 million, or 2.6%, is primarily related to the following:

- a decrease of \$1.6 million in expenses related to development of early stage compounds; and
- a decrease of \$1.2 million in legal fees and operational expenses; offset by
- an increase of \$1.2 million in expenses related to oral and IV BCV program costs mainly attributable to the acceleration of closeout costs; and
- an increase of \$0.9 million in compensation and severance expenses.

General and Administrative Expenses

For the six months ended June 30, 2019, our general and administrative expenses increased to \$14.0 million compared to \$13.4 million for the six months ended June 30, 2018. The increase of \$0.6 million, or 4.6%, is primarily related to the following:

- an increase of \$1.8 million related to compensation and severance expenses; and
- an increase of \$1.2 million related to legal and consulting fees incurred in the pursuit of external opportunities to build our pipeline; offset by
- a decrease of \$2.4 million in expenses related to commercial readiness and operational expenses.

Interest Income and Other, Net

For the six months ended June 30, 2019, our interest income and other, net increased to \$2.2 million compared to \$1.2 million for the six months ended June 30, 2018. This increase is attributable to increased interest earned on our cash and investments.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2019, we had capital available to fund operations of approximately \$158.4 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 have incurred losses since our inception in 2000 and as of June 30, 2019, we had an accumulated deficit of \$591.6 million. We

anticipate that we will continue to incur losses for at least the next several years.

On November 8, 2017, we entered into an at-the-market (ATM) sales agreement with Cowen and Company, LLC to sell up to \$75 million of our common stock under a shelf registration statement filed in November 2017. As of December 31, 2018, we had sold an aggregate of 2.8 million shares of common stock pursuant to the ATM at a weighted average price per share of \$4.00 for net offering proceeds of \$10.9 million. We have not sold any shares of our common stock pursuant to the ATM to-date in 2019.

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, 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.

We believe that our existing cash, cash equivalents, and investments will enable us to fund our current operating expenses and capital requirements for at least the next 12 months. However, changing circumstances beyond our control may cause us to consume capital more rapidly than we currently anticipate.

Cash Flows

The following table sets forth the significant sources and uses of cash (in thousands):

	Six Months Ended June 30,	
	2019	2018
Cash sources and uses:		
Net cash used in operating activities	\$ (29,551)	\$ (32,550)
Net cash (used in) provided by investing activities	(30,089)	41,256
Net cash provided by financing activities	178	193
Net (decrease) increase in cash and cash equivalents	<u>\$ (59,462)</u>	<u>\$ 8,899</u>

Operating Activities

Net cash used in operating activities of \$29.6 million for the six months ended June 30, 2019 was primarily the result of our \$35.3 million net loss, partially offset by the change in operating assets and liabilities and the add-back of non-cash expenses. Non-cash expenses included add-backs of \$6.4 million for share-based compensation and \$0.3 million of depreciation of property and equipment, offset by \$1.2 million of amortization of discount/premium on investments. The change in operating assets and liabilities includes a decrease in prepaid expenses and other assets of \$0.4 million and an increase of \$0.3 million in accounts payable and accrued liabilities, partially offset by an increase in accounts receivable of \$0.4 million related to work on the BARDA contract. Net cash used in operating activities of \$32.6 million for the six months ended June 30, 2018 was primarily the result of our \$38.4 million net loss and the change in operating assets and liabilities, partially offset by the add-back of non-cash expenses of \$7.4 million for share-based compensation and \$0.5 million of depreciation of property and equipment. The change in operating assets and liabilities includes a decrease of \$3.5 million in accounts payable and accrued liabilities, partially offset by a decrease in accounts receivable of \$1.5 million related to work on the BARDA contract.

Investing Activities

Net cash used in investing activities of \$30.1 million for the six months ended June 30, 2019 was primarily the result of the purchase of \$107.1 million in short-term investments partially offset by the maturity of \$77.2 million in short-term investments. Net cash provided by investing activities of \$41.3 million for the six months ended June 30, 2018 was primarily the result of the sales and maturities of \$65.5 million in short-term investments partially offset by the purchase of \$18.1 million in short-term investments and \$6.0 million in long-term investments.

Financing Activities

Net cash provided by financing activities of \$0.2 million for the six months ended June 30, 2019 was primarily the result of \$0.2 million in proceeds from the exercise of stock options and stock purchases through our ESPP. Net cash provided by financing activities of \$0.2 million for the six months ended June 30, 2018 was the result of \$0.5 million in proceeds from the exercise of

stock options and stock purchases through our ESPP offset by \$0.3 million of payments of deferred offering costs.

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, 2018 filed by us with the SEC on March 5, 2019.

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 short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our portfolio. 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 certain 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 and six months ended June 30, 2019 or June 30, 2018.

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 June 30, 2019, 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

We routinely review our internal control over financial reporting and from time to time make changes intended to enhance the effectiveness of our internal control over financial reporting. We will continue to evaluate the effectiveness of our disclosure controls and procedures and internal control over financial reporting on an ongoing basis and will take action as appropriate. There have been no changes to our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the second quarter of 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

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, 2018 filed with the Securities and Exchange Commission on March 5, 2019.*

Risks Related To Our Financial Condition and Need For Additional Capital

We are evaluating external assets to build our pipeline of product candidates and there can be no assurance that we will be successful in identifying or completing a transaction for a candidate, that any such transaction will result in additional value for our stockholders or that the process will not have an adverse impact on our business.*

Earlier this year, we initiated a review of external assets that could be added to our pipeline of product candidates. In July 2019, in connection with this process, we entered into a License and Development Agreement with Cantex Pharmaceuticals, Inc. (Cantex) pursuant to which we acquired exclusive worldwide rights to develop and commercialize, for any and all uses, a heparin derivative known as CX-01 (dociparstat sodium or ODSH), which is currently being studied for the treatment of acute myeloid leukemia (AML) and other serious diseases. Under the terms of the license agreement, we will be responsible for, and bear the future costs of, worldwide development and commercialization of CX-01. These costs will be substantial, and we may require additional capital in order to pursue the development and commercialization of CX-01 as planned. Moreover, the anticipated benefits of our license to CX-01 may never be realized due to the various risks and uncertainties associated with drug development detailed elsewhere in the following risk factors.

In addition to CX-01, we may in-license or acquire additional assets, engage in a merger or consolidation transaction, issue additional shares of our common stock, or engage in other potential actions designed to maximize stockholder value. Our review of external assets may not result in the identification or consummation of any transaction. The process of reviewing external opportunities may be time consuming and disruptive to our business operations and, if we are unable to effectively manage the process, our business, financial condition and results of operations could be adversely affected. We could incur substantial expenses associated with identifying, evaluating, negotiating, and consummating potential transactions. There can be no assurance that any potential additional transaction, if consummated, will provide greater value to our stockholders than that reflected in the current price of our common stock. In addition, once any potential additional transaction is consummated, we are likely to incur substantial costs associated with future development and testing of any new product candidate, which may require us to raise 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 brincidofovir for the treatment of smallpox and CX-01 for the treatment of AML. We have incurred significant net losses in each year since our inception, including net losses of \$35.3 million and \$38.4 million for the six months ended June 30, 2019 and 2018, respectively. As of June 30, 2019, we had an accumulated deficit of approximately \$591.6 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 expenses as we seek to:

- initiate development and manufacturing activities of CX-01 for the treatment of AML and other potential indications;
- terminate our development activities of BCV for indications other than smallpox, including closing the AdAPT and IV studies of BCV;
- continue the development of brincidofovir for the treatment of smallpox as a medical countermeasure;
- obtain regulatory approvals for brincidofovir and CX-01;
- scale-up manufacturing capabilities to commercialize brincidofovir and CX-01 in the event we receive regulatory approval;
- identify and in-license additional product candidates to expand our research and development pipeline;
- maintain, expand and protect our intellectual property portfolio; and
- continue our internal research and development efforts and seek to discover additional product candidates.

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 acquiring or 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 obtained regulatory approval for any product candidate, and none of our product candidates have been commercialized. We may never succeed in developing or commercializing any product candidate. If we do not successfully develop or commercialize any product candidate, 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 a product candidate 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 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 product candidates. We do not anticipate generating revenues from product sales 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 for the treatment of smallpox and CX-01 for the treatment of AML;
- obtaining United States and foreign regulatory approval(s) for brincidofovir and CX-01;
- generating, licensing or otherwise acquiring a pipeline of product candidates which progress to clinical development, regulatory approval, and commercialization.

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 any product candidate is delayed. In particular, we would likely incur higher costs than we currently anticipate if development of any product candidate is delayed because we are required by the 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.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to predict with certainty the timing or amount of any increase in our anticipated development costs that will result should any additional trials be necessary.

In addition, any product candidate, 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 any product candidate 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 candidate, 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 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 twelve months. Changing circumstances beyond our control may cause us to consume capital more rapidly than we currently anticipate, and 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 require us to perform studies or trials in addition to those that we currently anticipate.

In July 2019, we entered into a License and Development Agreement with Cantex in which we acquired an exclusive worldwide license to develop and commercialize CX-01. We plan to initiate a Phase 3 clinical trial of CX-01 for the treatment of AML in mid-2020 subject to discussions with FDA.

We are also pursuing additional external opportunities to build our pipeline of product candidates, and we may need to raise additional funds if we identify additional product candidates other than brincidofovir and CX-01, which we may obtain through one or more equity offerings, debt financings, government or other third-party funding, strategic alliances and licensing or collaboration arrangements.

Securing additional financing may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize brincidofovir, CX-01, or any other product candidate. 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 brincidofovir or any other product candidate;
- seek corporate partners for brincidofovir, CX-01, or any other product candidate 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

Our product candidates, brincidofovir and CX-01, are still under clinical development for the treatment of smallpox, AML and other potential indications, respectively, and may not obtain regulatory approval or be successfully commercialized.*

We have not marketed, distributed or sold any products. Our product candidates are brincidofovir, which we continue to develop for the treatment of smallpox as a medical countermeasure and CX-01, which we are developing for the treatment of AML and other potential indications. Until recently, we have been developing brincidofovir in commercial indications for the treatment and prevention of multiple DNA viruses. Our AdAPT trial was designed to study oral BCV as a treatment of adenovirus (AdV) in pediatric stem-cell transplant (HCT) patients with confirmed AdV infection. Concurrently, we have been conducting two Phase 2 studies of intravenous IV BCV in adult allogeneic HCT recipients with AdV (Study-210 and Study-211). In May 2019, we decided to discontinue both the oral and IV development programs of BCV in AdV and the associated clinical trials in order to conserve our cash resources while we pursue external opportunities to build our pipeline of product candidates.

In July 2019, we announced that we had entered into an agreement for the exclusive license of the rights to CX-01 from Cantex Pharmaceuticals. We plan to initiate a Phase 3 clinical trial of CX-01 for the treatment of AML in mid-2020 subject to discussions with FDA.

There is no guarantee that our current or future clinical trials will be approved by regulators, and no guarantee that they will be completed or, if completed, will be successful, or if successful, will result in an approval for the sale of any of our product candidates. The success of each of brincidofovir and CX-01 will depend on several factors, including the following:

- acceptance of data from our studies of oral brincidofovir in animal models, including data necessary to bridge to a recommended human dose, by the FDA and foreign regulatory bodies;
- reaching agreement with the FDA on the design and conduct of a pivotal Phase 3 clinical trial to support approval of CX-01;
- receipt of marketing approvals from the FDA and corresponding regulatory authorities outside the United States;
- establishing manufacturing capabilities necessary for a registration trial and commercialization of CX-01;
- establishing commercial manufacturing capabilities for brincidofovir;
- acceptance of the product, if approved for marketing;
- 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 and CX-01.*

We have never obtained regulatory approval for a drug. It is possible that the FDA and/or foreign health authorities, such as the EMA, may refuse to accept our NDA (or corresponding foreign application) for substantive review or may conclude after review of our data that our application is insufficient to obtain regulatory approval of brincidofovir, CX-01 or both.

Through our continuing development contract with BARDA, we recently completed the in-life segment of our second rabbitpox efficacy study as well as a pivotal efficacy study in the mouse model (ectromelia virus). We believe that efficacy data from these models could support the approval of brincidofovir for the treatment of smallpox. The data from these trials is subject to on-going confirmatory studies and audit. In addition, we are preparing data necessary to bridge to a recommended human dose.

In July, we entered into a license agreement with Cantex where we acquired an exclusive license to global development and commercialization rights to CX-01. We plan to initiate a Phase 3 clinical trial of CX-01 for the treatment of AML in mid-2020 subject to discussions with FDA.

We have not yet reached agreement with the FDA or foreign regulators regarding the adequacy of these planned studies, for either brincidofovir or CX-01, with respect to a potential approval for marketing. 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 or foreign application.

Any delay in obtaining, or an inability to obtain, regulatory approvals could prevent us from generating revenues and achieving and sustaining profitability. If any of these outcomes occur, we may be forced to abandon our development efforts for brincidofovir and CX-01, 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 and CX-01. 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. 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 may experience a number of unforeseen events during, or as a result of, clinical trials or animal efficacy studies for our product candidates, 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;
- animal efficacy studies of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us to conduct additional animal efficacy studies or abandon 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 may 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;
- we may encounter 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; or
- our product candidates may have undesirable side effects or other unexpected characteristics, causing us or our investigators to suspend or terminate the trials.

We do not know whether any clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market our product candidates, including brincidofovir and CX-01. If later stage clinical trials do not produce favorable results, our ability to obtain regulatory approval for either or both of brincidofovir and CX-01 may be adversely impacted.

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 currently planned or future clinical trials for either brincidofovir, CX-01 or both, include:

- inability to raise funding necessary to initiate or continue a trial;
- delays in obtaining, or failure to obtain, regulatory approval of Investigational New Drug applications or 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, or failure to obtain, required IRB or ethics committee (EC) approvals covering 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 declining to participate or 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.

If initiation or completion of any of our clinical trials for our product candidates, including either brincidofovir or CX-01, 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 clinical trials for brincidofovir have experienced gastrointestinal AEs and liver-related safety laboratory value changes. In addition, brincidofovir is related to the approved drug cidofovir, a compound which has been shown to result in significant renal toxicity and impairment following use. As a second example, subjects enrolled in clinical trials for CX-01 have experienced febrile neutropenia and liver enzyme elevations. 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 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 approve the product only with a risk evaluation and mitigation strategy (REMS), potentially with restrictions on distribution and other elements to assure safe use (ETASU);
- regulatory authorities may withdraw their approval of the product or impose restrictions on its distribution in a form of a modified 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 any of our product candidates and we cannot, therefore, predict the timing of any future revenue from brincidofovir or CX-01.*

We cannot commercialize our product candidates, including brincidofovir and CX-01, 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 either of our product candidates. Additional delays in the United States may result if either brincidofovir or CX-01 is brought before an FDA advisory committee, which could recommend restrictions on approval or recommend non-approval of the product candidate. In the EU context, an Oral Explanation during MAA review could extend approval timelines and result in a Negative Opinion. A re-examination procedure is available in the EU whereby a Negative Opinion could be over-turned and become a Positive Opinion. New rapporteurs would be selected for the product. 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.

Even if we obtain regulatory approval for brincidofovir and CX-01, 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, distribution or marketing of our product candidates, including brincidofovir and CX-01, 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 and CX-01, 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 distribution of brincidofovir and CX-01 may be tightly controlled through a REMS with ETASU, which are required medical interventions or other actions healthcare professionals need to execute prior to prescribing or dispensing the drug to the patient. Some actions may also be required in order for the patient to continue on treatment. For example, 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 cidofovir 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, CX-01 and any 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. If a REMS is required, the NDA holder may be required to monitor and evaluate those in the healthcare system who are responsible for implementing ETASU measures. 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. Moreover, EU and member countries impose strict restrictions on the promotion and marketing of drug products. The off-label promotion of medicinal products is prohibited in the U.S., EU and in other territories. The promotion of medicinal products that are not subject to a marketing authorization is also prohibited in the EU. Violations of the rules governing the promotion of medicinal products in the EU and in other territories could be penalized by administrative measures, fines and imprisonment.

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 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 any product candidates, 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, CX-01 and any other product candidates and inhibit our ability to generate revenues.

Obtaining FDA approval for any one of our products in the United States does not mean we will ever obtain approval for or commercialize brincidofovir, CX-01, or any other products outside of the United States, nor does approval of any of our products outside the United States mean we will ever obtain approval for or commercialize any other products inside the United States, all of which could 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.

Conversely, approval by regulatory authorities outside the United States, such as the European Commission, does not ensure approval by the FDA. Moreover, clinical trials conducted outside the United States may not be accepted by the FDA.

Our relationships with investigators, health care professionals, consultants, third-party payers, and customers may be 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 the Federal Civil Monetary Penalties Act, including the Federal Civil False Claims Act (False Claims Act) which permit private individuals to bring a civil action on behalf of the federal government to enforce certain of these laws through 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 their 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, healthcare clearinghouses and certain healthcare providers, as well as their business associates;
- the General Data Protection Regulation (GDPR), which impose obligations on companies in relation to the handling of personal data of individuals within the EU, along with related national legislation;
- mandated physician payments reporting laws and/or requirements throughout global jurisdictions, including EU member states, in which we conduct research and development and/or other business activities;
- the 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, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the ACA), and its implementing regulations, which requires manufacturers of drugs, devices, biologicals and medical supplies to report to the Centers for Medicare & Medicaid Services (CMS) 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; state and local laws that require the registration of pharmaceutical sales representatives; 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; and state laws governing the privacy and security of health information, many of which differ from each other in significant ways and often are not preempted by HIPAA.

Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations involve substantial costs. It is possible that governmental authorities will conclude that our business practices do 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, disgorgement, additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, 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 and/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 ACA 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 ACA 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. However, there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal and replace certain aspects of the ACA, and we expect such challenges to continue. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been enacted. The Tax Cuts and Jobs Act of 2017 (Tax Act) includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain fees mandated by the ACA, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. The Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, and also increases in 2019 the percentage that a drug manufacturer must discount the cost of prescription

drugs from 50 percent to 70 percent. In July 2018, CMS published a final rule permitting further collection and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a Texas U.S. District Court Judge ruled that ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Act. While the Texas U.S. District Court Judge, as well as the Trump administration and CMS, have stated that the ruling will have no immediate effect pending appeal of the decision, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace ACA will impact ACA and our business. Congress also could consider additional legislation to repeal or repeal and replace other elements of the ACA.

Although it is too early to determine the full effect of the ACA, the 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 also been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. At the federal level, the Trump administration's budget proposal for fiscal year 2019 contains additional drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a "Blueprint" to lower drug prices and reduce out-of-pocket costs of drugs. This "Blueprint" contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out-of-pocket costs of drug products paid by consumers. The U.S. Department of Health and Human Services (DHHS) has already started the process of soliciting feedback on some of these measures and, at the same time, is immediately implementing other measures under its existing authority. For example, in September 2018, CMS announced that it will allow Medicare Advantage Plans the option to use step therapy for Part B drugs beginning January 1, 2019, and in October 2018, CMS proposed a new rule that would require direct-to-consumer television advertisements of prescription drugs and biological products, for which payment is available through or under Medicare or Medicaid, to include in the advertisement the Wholesale Acquisition Cost, or list price, of that drug or biological product. On January 31, 2019, the DHHS Office of Inspector General proposed modifications to federal Anti-Kickback Statute safe harbors which, among other things, may affect rebates paid by manufacturers to Medicare Part D plans, the purpose of which is to further reduce the cost of drug products to consumers. Although a number of these, and other potential, proposals will require authorization through additional legislation to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Further, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017 (Right to Try Act) was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase I clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a drug manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act.

Healthcare reform measures that may be adopted in the future may result in more rigorous coverage criteria, lower reimbursement, and additional downward pressure on the price that we receive for any future approved product. We cannot predict what healthcare reform initiatives may be adopted in the future.

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 with respect to either brincidofovir or CX-01. 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 both brincidofovir and CX-01, and for commercialization of any of our product candidates that receive regulatory approval.

In July 2019, we were assigned Cantex's rights under a supply agreement with Scientific Protein Laboratories LLC (SPL) pursuant to which SPL will exclusively produce CX-01 for us through October 2030. We have agreed that SPL will be our exclusive provider of CX-01 bulk drug substance during the term of the agreement.

Also in July 2019, we were assigned Cantex's rights under a supply agreement with Pyramid Laboratories for production of finished drug product.

Our reliance on third-party manufacturers entails risks, 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 or equivalent foreign regulator action, including injunction, recall, seizure, or total or partial suspension of production.

We rely on limited sources of supply for the drug components for each of brincidofovir and CX-01, and any disruption in the chain of supply for either of these product candidates may cause delays in their development and commercialization.*

Manufacturing of drug components is subject to certain FDA and comparable foreign qualifications with respect to manufacturing standards. We are currently validating the BCV drug substance manufacturing process at our selected contractor that will produce the commercial supply of drug substance. We have selected our BCV commercial tablet and suspension manufacturers to optimize tablet and suspension formulation production to meet forecasted commercial demand. There can be no assurance that such transfer to the selected vendors will be successful. We plan to validate the CX-01 drug substance and drug product processes prior to regulatory approval. It is our expectation that only one supplier of drug substance and one supplier of drug product will be qualified as vendors for both BCV and CX-01 with the FDA. If supply from an approved vendor is interrupted, there could be a significant disruption in commercial supply. 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 CX-01, 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 and CX-01 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 and CX-01.*

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

We plan to validate CX-01 drug substance and drug product processes prior to approval at our selected vendors. It is our expectation that only one supplier of drug substance and one supplier of drug product will be qualified as vendors for CX-01 with the FDA.

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 and CX-01. 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 and CX-01, increases in our operating expenses, or failure to obtain or maintain approval for either brincidofovir, CX-01 or both.

We rely on third parties to conduct, supervise and monitor our clinical studies and related data, 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, CX-01 and any 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 for clinical trials conducted within the jurisdiction of the United States (or the foreign regulatory authority equivalent for clinical trials conducted outside the jurisdiction of the United States), which follows the International Council for 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.

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, CX-01 or any 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, CX-01 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, CX-01 and any 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 and CX-01, 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 and CX-01, 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 labeling from Regulatory Authorities such as the FDA and EMA for the relevant product candidate;
- availability, efficacy and safety of alternative treatments;
- price and cost-effectiveness;
- effectiveness of our or any future collaborators' or competitor's sales and marketing strategies;
- ability to obtain hospital formulary approval;
- ability to ensure availability for product through appropriate channels;
- ability to maintain adequate inventory; and
- ability to obtain and maintain sufficient third-party coverage and adequate 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 and CX-01, 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, including brincidofovir.

Our strategy for brincidofovir and CX-01 is to establish 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. We may elect to launch with a contract sales organization and utilize accompanying commercial support services provided by a contract sales organization. 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 distribution and 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 and CX-01, will be adversely affected.

Establishing an internal or contract 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;
- ensuring that appropriate support functions are in place to support sales force organizational needs; 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 and CX-01 in any markets, we may be forced to delay the potential commercialization of brincidofovir and CX-01 in those markets, reduce the scope of our sales or marketing activities for brincidofovir and CX-01 in those markets or undertake the commercialization activities for brincidofovir and CX-01 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 and CX-01 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 brincidofovir and CX-01. 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 the EU and other 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;
- differing payer reimbursement regimes, governmental payers or patient self-pay systems and price controls;
- 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;
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires; and
- regulatory and compliance risks that relate to maintaining accurate information and control over activities that may fall within the purview of the U.S. Foreign Corrupt Practices Act, its books and records provisions or its anti-bribery provisions, or similar anti-bribery or anti-corruption laws and regulations.

We have limited experience in these areas. In addition, there are complex regulatory, tax, labor and other legal requirements imposed by both the EU 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 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.

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 and established sales forces. 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 and CX-01 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 and CX-01, are differentiated from existing and future therapies;
- 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;
- deliver a competitive value proposition compared to established competition and/or competitors who will enter the market before or after any of our product candidates, including brincidofovir and CX-01; and
- negotiate competitive pricing and reimbursement with third-party payers.

The availability of our competitors' products could affect the price we are able to charge, for brincidofovir, CX-01, and any other product candidate we develop. 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 and CX-01, 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.

New technologies or procedures could be developed that would change or restrict the number of patients undergoing hematopoietic cell or solid organ transplants. A reduction in the number of transplants could negatively impact our commercial business by decreasing sales of our products and limiting peak sales potential.

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, CX-01, and any other product candidates we may develop. 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 and CX-01 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 and CX-01 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, CX-01 or any 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, CX-01 and/or any 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 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 development 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 and third option segments of the contract which are scheduled to end on May 31, 2020. 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 segments are 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.*

In April 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. In May 2015, BARDA posted an approved justification for

the use of other than full and open competition for the contract. In July 2015, BARDA issued a RFP entitled “2015 Procurement of a Second Smallpox Antiviral Drug for the Strategic National Stockpile.” In August 2015, we submitted a response to the RFP and we subsequently engaged in discussions with BARDA regarding our response. The issuance of that RFP did not culminate with agreement for the sole source supply of brincidofovir for the Strategic National Stockpile.

We remain in discussions with BARDA regarding the potential to supply brincidofovir to the Strategic National Stockpile, however, there can be no assurances regarding any such procurement.

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 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 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 significant civil monetary penalties 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, criminal and administrative 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

We may not realize the expected benefits of our cost-saving initiatives.*

Reducing costs is a key element of our current business strategy. As a consequence of terminating development activities related to the oral and IV programs for BCV, we initiated a reduction to our workforce. Personnel reductions were initiated across our entire organization that have resulted in a remaining workforce of approximately 40 full-time employees. The principal objective of the reduction in workforce was to enable us to focus our financial resources on the continued development of brincidofovir for smallpox and the evaluation of external opportunities to build our pipeline of product candidates, including our recently completed transaction with Cantex described above.

In connection with the reduction in workforce, we expect to record an aggregate charge related to one-time termination benefits of approximately \$3.3 million in 2019. If we experience excessive unanticipated inefficiencies or incremental costs in connection with restructuring activities, such as unanticipated inefficiencies caused by reducing headcount, we may be unable to meaningfully

realize cost savings and we may incur expenses in excess of what we anticipate. Either of these outcomes could prevent us from meeting our strategic objectives and could adversely impact our results of operations and financial condition.

Increasing demand for compassionate use of our unapproved therapies 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, such as the Right to Try Act, 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. In addition, during 2014, we were the target of an active and disruptive social media campaign related to a request for access to brincidofovir. If we experience similar social media campaigns in the future, we may experience significant disruption to our business which could result in losses.

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 or CX-01 more widely available sooner than anticipated. We are a small company with limited resources and unanticipated trials or access programs 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 serious adverse events in this patient population is high which could have a negative impact on the safety profile of brincidofovir and CX-01, which could cause significant delays or an inability to successfully commercialize brincidofovir and CX-01, which could materially harm our business. We may also need to restructure or pause ongoing compassionate use and/or expanded access programs in order to perform the controlled clinical trials required for regulatory approval and successful commercialization of brincidofovir and CX-01, which could prompt adverse publicity or other disruptions related to current or potential participants in such programs.

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, civil and administrative 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.

We recently hired a new Chief Executive Officer and a new Chief Business Officer and our ability to successfully manage this transition and our recently announced corporate restructuring could impact our business.*

Effective April 8, 2019, we hired Michael Sherman as our President and Chief Executive Officer, and hired Michael Andriole as our Chief Business Officer. Leadership transitions can be difficult to manage and may cause disruptions to our operations. The leadership transition, coupled with our recently announced corporate restructuring, may also increase the likelihood of turnover among our employees and result in changes in our business strategy, which may create uncertainty and negatively impact our ability to execute our business strategy quickly and effectively. The leadership transition and restructuring may also impact our relationships with customers and suppliers, and create uncertainty among investors, employees, creditors and others concerning our future direction and performance. Any significant disruption, uncertainty or change in business strategy could adversely affect our business, financial condition and operating results.

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. To help attract, retain, and motivate qualified employees, we use share-based incentive awards such as employee stock options and restricted stock units. Due to the decline in our stock price that has occurred since December 2015, a large percentage of the options held by our employees are underwater. As of June 30, 2019, approximately 61% of all outstanding options had an exercise price above the closing price of the stock on that date. As a result, the current situation provides a considerable challenge to maintaining employee motivation, as well as creating a serious threat to retention until a recovery commences. If our share-based compensation ceases to be viewed as a valuable benefit, our ability to attract, retain, and motivate employees could be weakened, which could harm our results of operations.

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 appropriately 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.

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 and CX-01, 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 CX-01; and
- decreased demand for our product candidates, if approved for commercial sale.

We currently carry \$15 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.

Risks 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 has been volatile, and is likely to continue to be volatile for the foreseeable future. Our stock price is 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 and CX-01;
- 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 June 30, 2019, our then executive officers, directors, 5% stockholders (known to us through available information) and their affiliates beneficially owned approximately 38.1% 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.

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. 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.

In July, we entered into a license agreement with Cantex where we acquired an exclusive license to global development and commercialization rights to CX-01. Also in July, as partial consideration for our rights under the license agreement, we issued to Cantex 10,000,000 shares of our common stock. We are continuing to review additional potential transactions to add to our pipeline of product candidates, and these transactions could involve the issuance of additional shares of common stock or other equity securities.

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.

Comprehensive tax reform could adversely affect our business and financial condition.*

On December 22, 2017, President Trump signed into law the Tax Act which significantly revises the Internal Revenue Code of 1986, as amended. The Tax Act, among other things, contains significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses generated in taxable years beginning after December 31, 2017, to 80% of current year taxable income, elimination of most carrybacks of net operating losses arising in taxable years ending after December 31, 2017, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the Tax Act is uncertain and our business and financial condition could be adversely affected. In addition, it is uncertain if and to what extent various states will conform to the Tax Act. The impact of this tax reform on holders of our common stock is also uncertain and could be adverse. We urge our stockholders to consult with their legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common stock.

Our effective tax rate may fluctuate, and we may incur obligations in tax jurisdictions in excess of accrued amounts.

Our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of such places. Nevertheless, our effective tax rate may be different than experienced in the past due to numerous factors, including passage of the Tax Act, the results of examinations and audits of our tax filings, our inability to secure or sustain acceptable agreements with tax authorities, changes in accounting for income taxes and changes in tax laws. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations and may result in tax obligations in excess of amounts accrued in our financial statements.

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

Our U.S. net operating loss, or NOL, carryforwards generated in tax years ending on or prior to December 31, 2017, are only permitted to be carried forward for 20 years under applicable U.S. tax law. Under the Tax Act, our federal NOLs generated in tax years ending after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOLs generated in tax years beginning after December 31, 2017, is limited. It is uncertain if and to what extent various states will conform to the Tax Act. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is 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 NOL carryforwards and other pre-change U.S. tax attributes (such as research tax credits) to offset its post-change income or taxes 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, our pre-2018 NOL carryforwards may expire prior to being used, and our NOL carryforwards generated in 2018 and thereafter will be subject to a percentage limitation. In addition, it is possible that we have in the past undergone, and in the future may undergo, additional ownership changes that could limit our ability to use all of our pre-change NOLs and other pre-change tax attributes (such as research tax credits) to offset our post-change income or taxes. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, we may be unable to use all or a material portion of our NOLs and other tax attributes.

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 any 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 percent 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.

Risks Related to Information Technology

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

Our business is increasingly dependent on critical, complex, and interdependent information technology (IT) systems, including Internet-based systems, to support business processes as well as internal and external communications. The size and complexity of our IT systems make us potentially vulnerable to IT system breakdowns, malicious intrusion, and computer viruses, which may result in the impairment of our ability to operate our business effectively.

In addition, our systems are potentially vulnerable to data security breaches—whether by employees or others—which may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, clinical trial patients, customers, business partners and others.

Any such disruption or security breach could result in legal proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions to our operations and collaborations, and damage to our reputation, which could harm our business and results of operations.

Increasing use of social media could give rise to liability, breaches of data security, or reputational damage.

We and our employees are increasingly utilizing social media tools as a means of communication both internally and externally. Despite our efforts to monitor evolving social media communication guidelines and comply with applicable rules, there is risk that the use of social media by us or our employees to communicate about our products or business may cause us to be found in violation of applicable laws and regulations. In addition, our employees may knowingly or inadvertently make use of social media in ways that may not comply with our social media policy or other legal or contractual requirements, which may give rise to

liability, lead to the loss of trade secrets or other intellectual property, or result in public exposure of personal information of our employees, clinical trial patients, customers, and others. Furthermore, negative posts or comments about us or our products in social media could seriously damage our reputation, brand image, and goodwill.

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

None.

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.
10.1(3)	Employment Offer Letter to Michael Sherman dated April 2, 2019.
10.2(3)	Employment Offer Letter to Michael Andriole dated April 4, 2019.
10.3	Agreement and Release, dated June 6, 2019, by and between the Registrant and Timothy W. Trost.
10.4*	Contract modification No. 57, dated July 12, 2019, 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.
10.5	Form of Stock Option Grant Notice, Option Agreement and Notice of Exercise for Inducement Grant Outside of 2013 Equity Incentive Plan.
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 to 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.

* Certain confidential information contained in this exhibit, marked by brackets, has been omitted pursuant to Item 601 of Regulation S-K.

(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 April 10, 2019.

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.

August 8, 2019

By: _____
/s/ Michael A. Sherman
Michael A. Sherman
President and Chief Executive Officer

August 8, 2019

By: _____
/s/ Michael T. Andriole
Michael T. Andriole
Chief Business and Financial Officer

AGREEMENT AND RELEASE

This Agreement and Release ("Release") is made and entered into by and between Timothy Trost (hereinafter "Employee"), and Chimerix, Inc., a Delaware corporation (hereinafter the "Company").

WHEREAS, Employee has been terminated from his employment with the Company;

WHEREAS, Employee is eligible for certain benefits under a Participation Agreement between Employee and the Company (the "Participation Agreement") under the Chimerix, Inc. Officer Severance Benefit Plan (the "Severance Plan"); and

WHEREAS, the parties desire to settle fully, finally, and on a confidential basis all matters between them, including but not limited to the employment and resignation of Employee, without any admission of liability;

NOW, THEREFORE, in consideration of the premises and mutual promises contained in this Release, and other valuable consideration to which Employee is not otherwise entitled, the receipt and sufficiency of which are hereby acknowledged, it is agreed by the parties as follows:

1. **Resignation of Employment.** Employee understands that his employment with the Company will end on May 31, 2019 (the "Separation Date"). Employee will be paid accrued but unused vacation on the Company's next regular payroll date after the Separation Date. Except as provided herein, all benefits cease as of the Separation Date.

2. **Consideration.** As a material inducement to and in consideration for Employee entering into this Release, and subject to the terms and conditions of this Release, the Severance Plan and the Participation Agreement, the Company agrees as follows:

a. Pursuant to Section 2(a)(1) of the Participation Agreement, Employee shall continue to receive his current base salary for a period of twelve (12) months, commencing on the first payroll period following the Effective Date (defined in Paragraph 14(c) below) of this Release, subject to the terms and provisions (including the form of and conditions required for full payment) of the Participation Agreement and the Severance Plan. These payments will be considered wages, subject to applicable withholdings and deductions.

b. Provided Employee is eligible for, and timely elects, COBRA continuation coverage, the Company will pay the full amount of COBRA premiums as set forth in Section 2(a)(3) of the Participation Agreement for a period of up to twelve (12) total months, subject to the terms of the Participation Agreement and the Plan.

c. Employee shall become vested in the stock options and equity compensation awards to the extent shown on Exhibit A under the column entitled "Shares Accelerated Pursuant to Severance Plan & Participation Agreement," pursuant to the terms of Section 2(a)

(2) of the Participation Agreement. Following the Separation Date and taking into account the vesting acceleration described in the foregoing sentence, Employee

shall be vested in Employee's stock options and equity awards to the extent shown on Exhibit A under the column entitled "Total Vested Shares as of Separation Date" and Employee shall cease to vest in any further stock options and equity compensation awards and all stock options and equity awards (whether vested or unvested) will terminate pursuant to their terms.

By executing this Release, Employee consents to the acceleration of Employee's options and equity awards to the extent described in Exhibit A and Employee expressly acknowledges that Employee (1) will be responsible for paying to the Company the amount of required tax withholding due as a result of the acceleration of Employee's restricted stock unit awards and upon Employee's exercise of certain stock options and (2) has consulted with his tax advisors regarding these tax implications or has knowingly and voluntarily declined to do so.

Except to the extent provided in this Section 2(c), the Employee's stock options and restricted stock unit awards will continue to be subject to the terms and conditions of the equity plans and stock option and restricted stock unit grant notices and agreements under which they were granted, pursuant to which (1) outstanding stock options and restricted stock unit awards that are not vested as of the Separation Date (after taking into account the vesting acceleration described above) will immediately terminate and (2) outstanding and unexercised stock options that are vested as of the Separation Date (after taking into account the vesting acceleration described above) will continue to be exercisable for up to twelve (12) months following the Separation Date, subject to earlier termination in the event of a change in control or corporate transaction as set forth in the terms of the equity incentive plan under which the equity awards were granted.

d. Employee acknowledges that he is not eligible for the severance benefits described in this Section 2 in the absence of his execution and non-revocation of this Release.

3. **Rights Reserved.** By executing this Release, Employee does not waive:

a. Claims or rights Employee may have with respect to vested benefits Employee has accrued under the Chimerix, Inc. 401(k) Profit Sharing Plan & Trust;

b. Claims or rights Employee may have with respect to the stock options and equity compensation awards listed on Exhibit A;

c. Claims or rights Employee may have which arise after the date Employee signs this Release, including those under the Age Discrimination in Employment Act;

d. COBRA rights Employee may have under any group health plan pursuant to Code Section 4980B;

- e. Rights Employee may have under the provisions of this Release; and
- f. Claims for indemnification under the Company's bylaws or other corporate governance documents.

4. **No Other Entitlements.** Except for the compensation, monies and benefits expressly set forth in Section 2 and the rights reserved under Section 3, Employee acknowledges that he is not entitled to any other compensation, monies or benefits from the Company, including but not limited to compensation for vacation or other time off, bonuses, commissions, expense reimbursements, or other forms of compensation or benefits, repayments of debts, or reimbursements of expenses.

5. **General Release.**

a. By signing this Release, in consideration for the sums of money and benefits Employee is eligible to receive under this Release, Employee, on behalf of himself and his heirs, representatives, administrators, executors, successors and assigns, hereby irrevocably and unconditionally releases, acquits, and forever discharges to the fullest extent permitted by law, the Company and each of its present and former divisions, parent companies, subsidiaries, affiliates, predecessors, successors and assigns, and together with all present and former benefit plans or policies, plan administrators, agents, directors, officers, employees, owners, representatives and attorneys of all such entities or persons and all persons acting by, through, under or in concert with any of them (collectively referred to as the "Released Parties"), from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney' s fees and costs), of any nature whatsoever, known or unknown, which Employee now has, has had, or may hereafter claim to have had against each or any of the Released Parties resulting from or arising out of any matter, act, omission, cause or event whatever that has previously occurred; except that Employee does not waive or release rights reserved under Section 3 of this Release or rights or claims that cannot be lawfully waived. Employee understands that by signing this Release and accepting the sums of money and benefits described in this Release, Employee is waiving any right to pursue any claim against any of the Released Parties for payments or benefits of any kind (other than those expressly reserved in this Release), as well as claims for back pay, severance pay, liquidated damages, compensatory damages, punitive damages, or any other losses or other damages to Employee or Employee's property resulting from any claimed violation of local, state or federal law, including, for example (but not limited to), claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans With Disabilities Act, the Sarbanes-Oxley Act of 2002, the Retaliatory Employment Discrimination Act, the Employee Retirement Income Security Act of 1974, The Family Medical Leave Act, the Fair Labor Standards Act, the North Carolina Wage and Hour Act, the North Carolina Retaliatory Employment Discrimination Act, the Genetic Information Nondiscrimination Act, the North Carolina Equal Employment Practices Act, the North

Carolina Persons with Disabilities Protection Act, all as amended, and claims under any other federal, state or local law pertaining to Employee's employment or the termination of his employment.

b. This Release does not waive or interfere with any rights Employee may have to file a charge with or participate in any investigation by a federal or state administrative agency, provided, however, that Employee acknowledges and agrees that he is not entitled to any personal recovery in any such agency proceeding.

c. Employee acknowledges that this Release applies both to known and unknown claims that may exist between Employee and the Released Parties as of the date he signs this Release. Employee expressly waives and relinquishes all rights and benefits which Employee may have under any state or federal statute or common law principle that would otherwise limit the effect of this Release to claims known or suspected prior to the date Employee signs this Release, and does so understanding and acknowledging the significance and consequences of such specific waiver. Employee acknowledges that the benefits provided by the Company under Section 2 of this Release are discretionary in nature and not required of the Company in the absence of this Release and Employee's release of claims herein, and constitute adequate consideration for the release.

d. Employee represents that, as of the date of execution of this Release, he has not filed with any agency or court any complaint or lawsuit against any of the Released Parties (as defined in Section 5 of this Release), and to the best of his knowledge, has no claim, cause of action or rights of actions against the Company arising out of or in any way connected with his employment with the Company.

e. Employee agrees that he will not seek or apply for re-employment with any of the Released Parties and Employee waives any right to re-employment or reinstatement with the Company or any other Released Party. Employee acknowledges that it is the general policy of the Company and its subsidiaries not to re-employ individuals with whom it has entered into separation agreements of this nature.

6. **No Admission of Liability or Wrongdoing.** This Release will not be used or construed by any person or entity as an admission of liability or finding that Employee's rights were in any way violated by any of the Released Parties, and this Release may not be offered or received in evidence in any action or proceeding as an admission of liability or wrongdoing on the part of the Company or any other Released Party. Employee understands and agrees that the consideration received herein is accepted by him as full and complete settlement and compromise of any and all claims, asserted or unasserted, and the payment of such consideration is not an admission of liability by the Company.

7. **Confidentiality of Release.** Employee shall keep the terms of this Release strictly confidential and shall not disclose any information concerning the terms of this Release or provide a copy of the same to anyone, except Employee's immediate family and legal and

financial advisors, who shall be bound to maintain the confidence of the terms of this Release. If required by law to produce a copy of this Release or to make such disclosure, Employee shall give the Company notice prior to such production or disclosure.

8. **No Knowledge of Wrongdoing Except as Reported.** Employee represents and promises that he has no knowledge of any violation of federal or state laws or regulations except those, if any, which he has previously reported in writing to the Company's Corporate Counsel.

9. **Post-Termination Obligations.** All payments and benefits to Employee under Section 2 of this Release shall be subject to Employee's compliance with the following provisions following the Separation Date:

a. *Assistance in Litigation.* Employee shall, upon reasonable notice, furnish such information and assistance to the Company as may reasonably be required by the Company in connection with any litigation in which it is, or may become, a party, and which arises out of facts and circumstances known to Employee. The Company shall promptly reimburse Employee for his out-of-pocket expenses incurred in connection with the fulfillment of her obligations under this Section, provided that such expenses are incurred by Employee during her lifetime and reimbursements are made no later than the end of the calendar year following the calendar year in which the expense was incurred. The expenses eligible for reimbursement under this paragraph shall not affect any expenses eligible for reimbursement or in-kind benefits to be provided in any other year. If Employee provides litigation assistance at the Company's request after the Separation Date, then the Company shall compensate Employee for the time spent in providing assistance at an hourly rate of \$200.00 per hour, paid within 30 days following the calendar quarter in which the assistance was provided. Employee's rights under this paragraph are not subject to liquidation or exchange for any other benefit.

b. *Confidential Information.* Employee remains bound by the obligations of the Proprietary Information and Inventions Agreement that he executed with the Company (the "PUA"). In addition, Employee agrees that he will promptly return and deliver to the Company all documents, data and other materials and items in her possession, custody or control, wherever located, that belong to the Company and/or contain or reflect Confidential Information, including, but not limited to, any and all keys, credit cards, security cards, computer software, disks, data, records, notebooks, correspondence, customer or supplier lists, files, forms, supplies or other documents or materials, in any form or format and including, but not limited to, any printed versions or copies or other recordings of such documents or materials, that have been provided or furnished to Employee by the Company or its affiliates, or have been obtained or developed or used by Employee during the performance of Employee's services for the Company, or in connection with Employee's services or any other activities for the Company. Employee agrees that prior to responding to any valid subpoena, court order or other legal process which would require disclosure of Confidential Information encompassed by this paragraph, he shall give the Company prior written notice of the subpoena, court order

or other legal process in sufficient time to afford the Company a reasonable opportunity to challenge the subpoena, court order or other legal process.

c. *Noncompetition.* Employee acknowledges that he remains bound by the Non-Competition and Non-Solicitation provisions of Section 3 of the Participation Agreement; provided however that the definition of "Competitive Business", as set forth in the Participation Agreement, shall mean working on the discovery, development, or commercialization of drugs or drug candidates in the field of smallpox, and that the definition of "Restricted Period", as set forth in the Participation Agreement, shall only be a period of 9 months from the date of this Release.

d. *Failure to Comply.* In the event that Employee shall fail to comply with any provision of this Section 9, and such failure shall continue for ten (10) days following delivery of notice thereof by the Company to Employee, all rights of Employee and any person claiming under or through him to payments and benefits under paragraphs (a) through (c) of Section 2 of this Release shall thereupon terminate and no person shall be entitled thereafter to receive any such payments or benefits. In addition to the foregoing and the remedies set forth in the PIIA and Section 3 of the Participation Agreement:

i. The amount, if any, payable to Employee after the Separation Date under Section 2 shall be reduced, but not below zero, by the amount of any remuneration earned by or payable to Employee as a result of a violation of the restrictions in Section 3 of the Participation Agreement.

ii. In the event of a breach or threatened breach by Employee of the provisions of this Section or Section 3 of the Participation Agreement, the Company shall have and may exercise any and all other rights and remedies available to the Company at law or otherwise, including but not limited to obtaining an injunction from a court of competent jurisdiction enjoining and restraining Employee from committing such violation, and Employee hereby consents to the issuance of such injunction.

10. **Non-Disparagement.** Employee agrees not to disparage the Company, including, without limitation, making disparaging comments about the Company or releasing or causing to be released information for the purpose of discrediting the Company. The Company agrees to instruct its officers and directors not to disparage Employee, including, without limitation, making disparaging comments about Employee or releasing or causing to be released information for the purpose of discrediting Employee.

11. **Section 409A Compliance.** To the extent applicable, the parties hereto intend that the Severance Plan and this Release be exempt from, or if an exemption is not available, comply with Section 409A of the Internal Revenue Code of 1986, as amended and the regulations and other guidance thereunder and any state law of similar effect (collectively "Section 409A"). The

parties hereby agree that this Release shall at all times be construed in a manner to be exempt from, or if an exemption is not available, to comply with, Section 409A. The parties also agree that in no event shall any payment required to be made pursuant to this Release that is considered deferred compensation within the meaning of Section 409A and is not otherwise exempt from the provision thereof be accelerated in violation of Section 409A. The parties further agree that any payment paid in connection with this Release pursuant to the Participation Agreement and Severance Plan will be paid in accordance with the provisions of Section 5 of the Severance Plan.

12. **Taxes.** The Company does not represent or guarantee that any particular federal or state income, payroll or other tax treatment will result from this Release or the compensation or benefits payable pursuant to this Release. Executive is solely responsible for the proper tax reporting and timely payment of any income tax or interest for which he is liable as a result of this Release and the compensation or benefits payable pursuant to this Release.

13. **No Attachment.** No right to receive payments under this Release shall be subject to set off, offset, anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge or hypothecation or to execution, attachment, levy or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

14. **ADEA Acknowledgements.** Employee acknowledges the following:

a. Employee has been advised by the Company that this Release affects important rights, and includes a release of any and all claims arising out of any alleged violation of Employee's rights related to his employment with the Company or any of its predecessors, including, but not limited to, any and all claims Employee may have under the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621, et seq. Because this Release affects important rights, Employee has been and is hereby advised in writing to consult with an attorney prior to executing this Release;

b. Employee is advised that he has at least forty-five (45) days to consider this Release and Employee may take as much of that time as he wishes before signing, except that Employee shall not execute this Release prior to the Separation Date. If Employee decides to accept the benefits offered herein, he must sign this Release and return it to Barbara Berg, Senior Director of Human Resources at Chimerix, Inc., 2505 Meridian Parkway, Suite 100, Durham NC 27713 on or before June 25, 2019. By signing below, Employee acknowledges that he received this Release on May 29, 2019; and

c. Employee is advised that, if he signs this Release, he will have a period of seven (7) days from the date of his acceptance to change his mind and revoke this Release. If Employee decides to revoke this Release, then he should deliver written notice to Barbara Berg, Senior Director of Human Resources at Chimerix, Inc. within such 7-day period.

None of the terms and conditions contained herein will be enforceable by the parties hereto until the expiration of this 7-day period, and this Release will become effective after such 7-day period has passed without Employee's revocation of it (the "Effective Date").

d. On the date that Employee received a copy of this Release, Employee also received a description of:

- 1) The class, unit, or group of individuals whose employment is being terminated as part of the same employment termination program (if any), the eligibility factors for this program, and any time limits applicable to the program; and
- 2) The job titles and ages of all individuals covered under the termination program and the ages of all individuals in the same job classification or organizational unit who are not covered.

15. **Miscellaneous.** This Release shall be binding upon and inure to the benefit of Employee, his assigns, heirs, executors, administrators, representatives, as well as the predecessors, successors, purchasers and assigns of the Company. Employee may not assign any of his rights or delegate any of his duties under this Release. Except as preempted by federal law, this Release shall be governed by and construed in accordance with the laws of the State of North Carolina, without reference to its conflict of law provision. Any number of counterparts of this Release may be signed and delivered, each of which shall be considered an original and all of which, together, shall constitute one and the same instrument.

16. **Entire Agreement.** This Release, with attachments, the PUA, the Participation Agreement and the Severance Plan comprise the entire agreement and understanding of the parties with respect to the subject matter, specifically including but not limited to any terms and conditions of employment or the termination of employment, and there are no agreements or understandings other than those contained herein. Further, this Release is intended to be a binding contract among the parties hereto and shall not be modified, except by writing signed by both Employee and the Company. The provisions of this Release shall be deemed severable, and the invalidity or unenforceability of any provision (or part thereof) of this Release shall in no way affect the validity or enforceability of any other provisions (or remaining part thereof).

EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS CAREFULLY READ AND FULLY UNDERSTANDS ALL THE PROVISIONS OF THIS RELEASE. EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS NOT RELIED UPON ANY REPRESENTATION OR STATEMENT, WRITTEN OR ORAL, WHICH IS NOT SET FORTH IN THIS DOCUMENT. EMPLOYEE FURTHER ACKNOWLEDGES THAT EMPLOYEE IS ENTERING INTO THIS RELEASE VOLUNTARILY AND OF EMPLOYEE'S OWN FREE WILL, WITHOUT ANY COERCION FROM ANY PERSON, INCLUDING THE COMPANY OR ANY OF ITS

REPRESENTATIVES. EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE FULLY AND COMPLETELY UNDERSTANDS THE TERMS AND CONDITIONS OF THIS

EMPLOYEE'S OWN FREE WILL, WITHOUT ANY COERCION FROM ANY PERSON, INCLUDING THE COMPANY OR ANY OF ITS REPRESENTATIVES. EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE FULLY AND COMPLETELY UNDERSTANDS THE TERMS AND CONDITIONS OF THIS RELEASE AND HAS VOLUNTARILY AND KNOWINGLY AGREED TO SUCH TERMS AND CONDITIONS, INCLUDING ALL RELEASES OF CLAIMS EMPLOYEE MAY HAVE AGAINST THE COMPANY OR ANY OF THE RELEASED PARTIES, IN EXCHANGE FOR VALUABLE CONSIDERATION, THAT EMPLOYEE IS NOT OTHERWISE ENTITLED TO RECEIVE.

IN WITNESS WHEREOF, the parties have executed this Release on this 6th day of

June, 2019.

EMPLOYEE:

/s/ Timothy Trost

Date: 6/5/2019

CHIMERIX, INC.

By: /s/ Michael Sherman

Name: Michael Sherman

Title: President and Chief Executive Officer

EXHIBIT A

EMPLOYEE'S OUTSTANDING EQUITY AWARDS

Grant Date	Type of Award	Total Shares Underlying Outstanding Awards	Exercise Price per Share	Shares Vested as of Separation Date May 31, 2019	Shares Vested Accelerated Pursuant to Severance Plan	Total Vested Shares as of Separation Date May 31, 2019
07-Apr-2011	Options (ISO)	42,680	\$2.35	127	0	127
07-Apr-2011	Options (NQ)	126,334	\$2.35	78,334	0	78,334
28-Jan-2014	Options (ISO)	55,400	\$18.75	44,734	0	44,734
28-Jan-2015	Options (ISO)	3,342	\$39.41	3,342	0	3,342
28-Jan-2015	Options (NO)	61,658	\$39.41	61,658	0	61,658
08-Jan-2016	Options (ISO)	9,495	\$8.06	5,787	3,708	9,495
08-Jan-2016	Options (NQ)	168,505	\$8.06	142,546	25,959	168,505
24-Jan-2017	Options (ISO)	13,746	\$5.14	1	5,287	5,288
24-Jan-2017	Options (NQ)	37,004	\$5.14	29,603	7,401	37,004
24-Jan-2017	Share Units (RSU)	25,375	\$0.00	0	6,343	6,343
25-Jan-2018	Options (ISO)	24,205	\$4.68	0	1,046	1,046
25-Jan-2018	Options (NQ)	117,545	\$4.68	47,250	34,391	81,641
23-Jan-2019	Options (ISO)	39,428	\$2.41	1	0	1
23-Jan-2019	Options (NQ)	136,572	\$2.41	14,666	44,000	58,666
05-Feb-2019	Share Units (RSU)	100,000	\$0.00	0	100,000	100,000
Total		961,289		428,049	228,135	656,184

For options granted on and after April 7, 2011, Employee has a 12 month post termination exercise period.

TROST

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO P00057	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ NO N/A.	5. PROJECT NO (if applicable)
6. ISSUED BY CODE ASPR-BARDA ASPR-BARDA 200 Independence Ave., S.W. Room 640-G Washington DC 20201	ASPR-BARDA	7. ADMINISTERED BY (if other than line item 6) CODE ASPR-BARDA 330 Independence Ave., SW, Rm G640 Washington DC 20201	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	(x)	9A AMENDMENT OF SOLICITATION NO.	
		9B DATED (SEE ITEM 11)	
	X	10A MODIFICATION OF CONTRACT/ORDER NO HHSO100201100013C	
		10B DATED (SEE ITEM 13) 02/16/2011	
CODE 1377270	FACILITY CODE		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified of receipt of Offers is extended. 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 or 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 is not. 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 no cost bilateral modification is to incorporate the following changes into the contract:

- The period of performance for Option 2/CLIN 0003 of Contract Number HHSO100201100013C ONLY is hereby changed from 1 September 2014 through 1 August 2019 to 1 September 2014 through 31 May 2020, at no additional cost to the Government.
- The period of performance for CLIN 0004 of Contract Number HHSO100201100013C ONLY is hereby changed from 11 September 2015 through 1 August 2019 to 11 September 2015 through 31 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 Alrutz, SVP & General Counsel	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) ETHAN J. MUELLER
15B. CONTRACTOR/OFFEROR /s/ Michael Alrutz <small>(Signature of person authorized to sign)</small>	15C. DATE SIGNED 7/1/19
	16B. UNITED STATES OF AMERICA /s/ Ethan J. Mueller <small>(Signature of person authorized to sign)</small>
	16C. DATE SIGNED 7/12/19

CONTINUATION SHEET	REFERENCE NO. OF DOCUMENT BEING CONTINUED HHSO100201100013C/P00057	PAGE OF 2 2
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NAME OF OFFEROR OR CONTRACTOR
CHIMERIX, INC. 1377270

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	<p>May 2020, at no additional cost to the Government.</p> <p>3. The following within scope change is hereby added to CLIN 0004 Only as Paragraph 5.3.3 based on FDA Feedback and is necessary for the full completion of CLIN 4 under the contract.</p> <p>5.3.3 Conduct [*] Study with a [*].</p> <p>The above non-clinical efforts cannot be performed until the receipt and approval of all required Protocols by BARDA inclusive of any required approved OLAW Assurances and IIA approvals from OLAW.</p> <p>4. Under G.3 Key Personnel, Dr. Garrett Nichols hereby replaces Dr. Mauricio Vargas-Cortes as Principal Investigator under the contract.</p> <p>5. 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. This modification also confirms that all activities under the base period of performance CLIN 0001 were completed as of 31 May 2013 and confirms that all activities under the Option 1/CLIN 0002 period of performance were completed as of 30 April 2015.</p> <p>B. This is a no cost bilateral modification. All other terms and conditions of Contract Number HHSO100201100013C remain unchanged.</p> <p>Period of Performance: 02/16/2011 to 05/31/2020</p>				

**CHIMERIX, INC.
STOCK OPTION GRANT NOTICE**

**(INDUCEMENT GRANT OUTSIDE OF
2013 EQUITY INCENTIVE PLAN)**

Chimerix, Inc. (the “**Company**”) hereby grants to Optionholder an option to purchase the number of shares of the Company’s Common Stock set forth below. This option is granted outside of the Company’s 2013 Equity Incentive Plan (the “**Plan**”), and is subject to all of the terms and conditions as set forth in this notice, the Option Agreement, the Notice of Exercise and the Plan (as if it had been granted pursuant to the Plan), all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this notice and the Plan, the terms of the Plan will control.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: Nonstatutory Stock Option

Exercise Schedule: Same as Vesting Schedule

Vesting Schedule: One-fourth (1/4th) of the shares vest one year after the Vesting Commencement Date; the balance of the shares vest in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date, subject to Optionholder’s Continuous Service as of each such date and the potential vesting acceleration described in Section 1 of the Option Agreement.

Payment: By one or a combination of the following items (described in the Option Agreement):

- By cash, check, bank draft or money order payable to the Company
- Pursuant to a Regulation T Program if the shares are publicly traded
- By delivery of already-owned shares if the shares are publicly traded
- Subject to the Company’s consent at the time of exercise, by a “net exercise” arrangement

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of (i) options previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement that would provide for vesting acceleration of this option upon the terms and conditions set forth therein. By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Company's equity incentive programs through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

CHIMERIX, INC.

OPTIONHOLDER:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

ATTACHMENTS: Option Agreement, 2013 Equity Incentive Plan and Notice of Exercise

ATTACHMENT I

CHIMERIX, INC.
OPTION AGREEMENT
(NONSTATUTORY STOCK OPTION)

(INDUCEMENT GRANT OUTSIDE OF
2013 EQUITY INCENTIVE PLAN)

Pursuant to your Stock Option Grant Notice ("**Grant Notice**") and this Option Agreement, Chimerix, Inc. (the "**Company**") has granted you an option to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice.

The option is granted to you effective as of the date of grant set forth in the Grant Notice (the "**Date of Grant**"). The option is granted in compliance with NASDAQ Listing Rule 5635(c)(4) as a material inducement to you entering into employment with the Company. This option is a Nonstatutory Stock Option and is granted outside of, but subject to the terms of the Company's 2013 Equity Incentive Plan (the "**Plan**") and other relevant Plan provisions as if it had been granted as a Nonstatutory Stock Option under Section 5 of such Plan.

If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. **VESTING.** Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service, *provided that* if your Continuous Service terminates due to your Disability or your death, then, as of the date of termination of Continuous Service, the vesting and exercisability of your option will be accelerated in full.

2. **NUMBER OF SHARES AND EXERCISE PRICE.** The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. **METHOD OF PAYMENT.** You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner *permitted by your Grant Notice*, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the

Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”.

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. “Delivery” for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s stock.

(c) Subject to the consent of the Company at the time of exercise, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the “net exercise” in cash or other permitted form of payment. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the “net exercise,” (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

4. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

5. SECURITIES LAW COMPLIANCE. In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

6. TERM. You may not exercise your option before the Date of Grant or after the expiration of the option’s term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Retirement (as defined in Section 6(c) below), your Disability or your death (except as otherwise provided in Section 6(e) below); *provided, however*, that if during any part of such three (3) month period your option is not exercisable solely because of the condition

set forth in the section above relating to “Securities Law Compliance,” your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further*, if during any part of such three (3) month period, the sale of any Common Stock received upon exercise of your option would violate the Company’s insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service during which the sale of the Common Stock received upon exercise of your option would not be in violation of the Company’s insider trading policy;

(c) twelve (12) months after the termination of your Continuous Service by reason of either (x) the Company without Cause (and other than as a result of your Disability or death) or (y) your resignation for any reason, and in either case on or after the date you attain the age of 59.5 years (such termination of your service, a “**Retirement**”) (except as otherwise provided in Section 6(e) below);

(d) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 6(e) below);

(e) twelve (12) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;

(f) the Expiration Date indicated in your Grant Notice; or

(g) the day before the tenth (10th) anniversary of the Date of Grant.

7. EXERCISE.

(a) You may exercise the vested portion of your option during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company’s Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) By exercising your option you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities

of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rules or regulation (the "**Lock-Up Period**"); *provided, however*, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 7(c). The underwriters of the Company's stock are intended third party beneficiaries of this Section 7(c) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

8. TRANSFERABILITY. Except as otherwise provided in this Section 8, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

9. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any

obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

10. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a “same day sale” pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) Upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

11. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the “fair

market value” per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

12. NOTICES. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

13. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

14. OTHER DOCUMENTS. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company’s policy permitting certain individuals to sell shares only during certain “window” periods and the Company’s insider trading policy, in effect from time to time.

15. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company’s or any Affiliate’s employee benefit plans.

16. VOTING RIGHTS. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this option until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

17. SEVERABILITY. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful

or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

18. MISCELLANEOUS.

(a) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* * *

This Option Agreement will be deemed to be signed by you upon the signing by you of the Stock Option Grant Notice to which it is attached.

ATTACHMENT II

2013 EQUITY INCENTIVE PLAN

ATTACHMENT III
NOTICE OF EXERCISE

CHIMERIX, INC.
2505 MERIDIAN PARKWAY, SUITE 100
DURHAM, NC 27713 Date of Exercise: _____

This constitutes notice to Chimerix, Inc. (the "**Company**") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "**Shares**") for the price set forth below.

Type of option (check one):	Nonstatutory
Stock option dated:	_____
Number of Shares as to which option is exercised:	_____
Certificates to be issued in name of:	_____
Total exercise price:	\$ _____
Cash payment delivered herewith:	\$ _____
Value of _____ Shares delivered herewith:	\$ _____]
Value of _____ Shares pursuant to net exercise ² :	\$ _____]
Regulation T Program (cashless exercise ³):	\$ _____]

¹ Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.

² Chimerix, Inc. must have established net exercise procedures at the time of exercise, in order to utilize this payment method.

³ Shares must meet the public trading requirements set forth in the option.

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Chimerix, Inc. 2013 Equity Incentive Plan and (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option.

Very truly yours,

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael A. Sherman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended June 30, 2019 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2019

/s/ Michael A. Sherman

Michael A. Sherman
President & Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael T. Andriole, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the three months ended June 30, 2019 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2019

/s/ Michael T. Andriole

Michael T. Andriole
Chief Business and Financial Officer

**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 June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Sherman, 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.

Date: August 8, 2019

/s/ Michael A. Sherman

Michael A. Sherman
President & Chief Executive Officer

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 June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael T. Andriole, 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.

Date: August 8, 2019

/s/ Michael T. Andriole

Michael T. Andriole
Chief Business and Financial Officer

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.