UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 2015
OR

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

For the transition period from _____ to _____.

Commission file number 001-36395

CERULEAN PHARMA INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**20-4139823**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
840 Memorial Drive Cambridge, MA	**02139**
(Address of Principal Executive Offices)	**(Zip Code)**

(617) 551-9600
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

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

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

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

Number of shares of the registrant's Common Stock, $ 0.0001 par value, outstanding on July 31, 2015: 27,303,452

CERULEAN PHARMA INC.

FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2015

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

CERULEAN PHARMA INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(in thousands except share data and par value)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 85,476	$ 51,174
Accounts receivable, prepaid expenses, and other current assets	1,609	1,662
Total current assets	87,085	52,836
Property and equipment — Net	366	342
Other assets	653	215
Total	$ 88,104	$ 53,393
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of loan payable	$ 2,654	$ 3,124
Accounts payable	1,808	1,255
Accrued expenses	3,356	3,648
Other liabilities	27	34
Total current liabilities	7,845	8,061
Long-term liabilities:		
Loan payable — net of current portion	11,833	—
Non-current accrued interest	224	—
Other	—	7
Total long-term liabilities	12,057	7
Commitments		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.0001 par value; 120,000,000 shares authorized, 27,300,105 and 20,125,049 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	3	2
Additional paid-in capital	208,315	167,104
Accumulated deficit	(140,116)	(121,781)
Total stockholders' equity	68,202	45,325
Total	$ 88,104	$ 53,393

See notes to unaudited condensed consolidated financial statements.

CERULEAN PHARMA INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in thousands except per share and share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue	$ —	$ 33	$ —	$ 80
Operating expenses:				
Research and development	6,678	2,648	11,699	4,143
General and administrative	2,717	2,029	5,398	3,539
Total operating expenses	9,395	4,677	17,097	7,682
Other income (expense):				
Interest income	1	2	4	3
Interest expense	(513)	(268)	(1,242)	(729)
Loss on extinguishment of debt	—	(2,493)	—	(2,493)
Decrease in value of preferred stock warrant liability	—	—	—	504
Total other (expense) income — net	(512)	(2,759)	(1,238)	(2,715)
Net loss attributable to common stockholders	$ (9,907)	$ (7,403)	$ (18,335)	$ (10,317)
Net loss per share attributable to common stockholders:				
Basic and diluted	$ (0.37)	$ (0.44)	$ (0.78)	$ (1.17)
Weighted-average common shares outstanding:				
Basic and diluted	26,690,673	16,883,716	23,504,303	8,835,351

See notes to unaudited condensed consolidated financial statements.

CERULEAN PHARMA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(in thousands)

	Six Months Ended June 30,	
	2015	**2014**
Cash flows from operating activities:		
Net loss	$ (18,335)	$ (10,317)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	896	343
Noncash rent expense	(13)	2
Change in carrying value of preferred stock warrant liability	—	(504)
Depreciation and amortization	83	63
Gain on disposal of property and equipment	—	(30)
Loss on extinguishment of debt	—	2,493
Noncash interest expense	791	229
Changes in operating assets and liabilities:		
Accounts receivable, prepaid expenses and other current assets	532	(174)
Accounts payable	503	(335)
Accrued expenses	(195)	335
Net cash used in operating activities	(15,738)	(7,895)
Cash flows from investing activities:		
Purchases of property and equipment	(107)	(38)
Proceeds from sale of property and equipment	—	40
Increase in restricted cash	(230)	—
Net cash (used in) provided by investing activities	(337)	2
Cash flows from financing activities:		
Proceeds from sale of common stock	2,472	133
Proceeds from issuance of loans payable	15,000	—
Proceeds from issuance of convertible promissory notes	—	8,500
Payments on loans payable	(3,921)	(1,640)
Cash paid for debt issuance costs	(359)	(179)
Proceeds from public stock offering, net of issuance costs	37,185	59,862
Net cash provided by financing activities	50,377	66,676
Net increase in cash and cash equivalents	34,302	58,783
Cash and cash equivalents — Beginning of period	51,174	5,488
Cash and cash equivalents — End of period	$ 85,476	$ 64,271
Supplemental disclosures of noncash investing and financing activities:		
Conversion of redeemable convertible preferred stock into common stock	$ —	$ 81,525
Conversion of convertible notes and accrued interest into common stock, net	$ —	$ 20,138
Reclassification of warrants to additional paid in capital	$ —	$ 424
Supplemental cash flow information — Interest paid	$ 443	$ 234

See notes to the unaudited condensed consolidated financial statements.

1. NATURE OF BUSINESS AND OPERATIONS

Nature of Business — Cerulean Pharma Inc. (the "Company") was incorporated on November 28, 2005 as a Delaware corporation and is located in Cambridge, Massachusetts. The Company was formed to develop novel, nanotechnology-based therapeutics in the areas of oncology and other diseases.

Basis of Presentation — The consolidated financial statements include the accounts of the Company and its subsidiary, Cerulean Pharma Australia Pty Ltd, a wholly owned Australian-based proprietary limited company. All intercompany accounts and transactions have been eliminated. The consolidated interim financial statements of the Company included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from this report, as is permitted by such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements as of and for the year ended December 31, 2014 and notes thereto, included in the Company's Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on March 19, 2015 (the "2015 10-K").

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements. In the opinion of the Company's management, the accompanying unaudited interim consolidated financial statements contain all adjustments that are necessary to present fairly the Company's financial position as of June 30, 2015, the results of its operations for the three and six months ended June 30, 2015 and 2014 and cash flows for the six months ended June 30, 2015 and 2014. Such adjustments are of a normal and recurring nature. The results for the three and six months ended June 30, 2015 are not indicative of the results for the year ending December 31, 2015, or for any future period.

On April 10, 2015, the Company completed the issuance and sale of 6,716,000 shares of common stock in an underwritten public offering at a price to the public of $6.00 per share. The sale of shares of common stock included 876,000 shares sold pursuant to the full exercise of the underwriters' option to purchase additional shares of common stock. The net proceeds to the Company from this offering were $37.2 million after deducting underwriting discounts and commissions and offering expenses payable by the Company.

On April 15, 2014, the Company completed the issuance and sale of 8,500,000 shares of its common stock in its initial public offering (the "IPO"), at a price to the public of $7.00 per share. On May 7, 2014, the Company completed the sale of an additional 1,069,715 shares of common stock at a price to the public of $7.00 per share under a partial exercise by the underwriters of their option to purchase additional shares of common stock. The sale of the shares to the public resulted in net proceeds to the Company of $59.9 million after deducting underwriting discounts and commissions and offering expenses payable by the Company.

In connection with the closing of the IPO, all of the Company's outstanding redeemable convertible preferred stock and convertible notes automatically converted into shares of common stock as of April 15, 2014, resulting in the issuance by the Company of an additional 9,728,237 shares of common stock. The significant increases in shares outstanding in April 2015 and April 2014 impacts the year-over-year comparability of the Company's net loss per share calculations.

In connection with the completion of the IPO on April 15, 2014, the Company's outstanding warrants to purchase 1,857,226 shares of the Company's preferred stock automatically converted into warrants to purchase an aggregate of 128,663 shares of the Company's common stock and, as a result, the Company reclassified the warrant liability to additional paid-in capital.

2. SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the significant accounting policies previously disclosed in the 2015 10-K.

Recent Accounting Pronouncements – In April 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2015-03, "Interest – Imputation of Interest" ("ASU 2015-03"). To simplify presentation of debt issuance costs, ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual and interim reporting periods beginning January 1, 2016 and is not expected to have a material impact on the Company's consolidated financial statements.

3. NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

The Company computes diluted loss per common share after giving effect to the dilutive effect of stock options, warrants and shares of unvested restricted stock that are outstanding during the period, except where the inclusion of such securities would be antidilutive.

The Company has reported a net loss for all periods presented and, therefore, diluted net loss per common share is the same as basic net loss per common share.

The following potentially dilutive securities that were outstanding prior to the use of the treasury stock method have been excluded from the computation of diluted weighted-average shares outstanding, because the inclusion of such securities would have an antidilutive impact due to the losses reported (in common stock equivalent shares):

	As of June 30,	
	2015	2014
Options to purchase common stock	2,989,627	1,755,786
Warrants to purchase common stock	300,564	128,663

4. ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	As of June 30, 2015	As of December 31, 2014
Accrued expenses	$ 538	$ 663
Accrued clinical trial costs	1,396	848
Accrued contract manufacturing expenses	392	580
Accrued compensation and benefits	939	983
Accrued interest	91	574
Total accrued expenses	$ 3,356	$ 3,648

5. CONVERTIBLE NOTES PAYABLE TO SHAREHOLDERS

In February and March 2014, the Company issued convertible promissory notes in the original principal amount of $6.0 million to existing investors and a convertible promissory note in the original principal amount of $2.5 million to a new investor. All of the notes had a stated interest rate of 7.0%. Outstanding principal and unpaid accrued interest due under the notes were automatically converted into shares of the Company's common stock upon the closing of the IPO at a conversion price equal to 77.5% of the IPO price. The Company recorded a loss on the extinguishment of the notes of $2.5 million in April 2014, equal to the difference between the fair value of the shares into which the notes converted and the carrying amount of the notes upon the closing of the IPO.

6. LOAN AGREEMENTS

On January 8, 2015 (the "Closing Date"), the Company entered into a term loan facility of up to $26.0 million (the "Term Loan") with Hercules Technology Growth Capital, Inc. ("Hercules"). The proceeds were used to repay the Company's existing term loan facility with Lighthouse Capital Partners VI, L.P. ("Lighthouse Capital") and for general corporate and working capital purposes.

The Term Loan is governed by a loan and security agreement, dated January 8, 2015, between the Company and Hercules (the "Hercules Loan Agreement"). The Hercules Loan Agreement provides for up to three separate borrowings, the first of which was funded in the amount of $15.0 million on the Closing Date. The second borrowing of up to $5.0 million may be drawn by the Company, subject to the satisfaction of customary funding conditions, on or prior to December 15, 2015, provided that the Company meets certain clinical milestones. The third borrowing of up to $6.0 million (the "Term C Loan Advance") may be drawn, at no less than $3.0 million per draw and subject to the satisfaction of customary funding conditions, on or after September 30, 2015 but before December 15, 2015, provided that between the Closing Date and December 15, 2015, the Company has received net cash proceeds of

at least $40.0 million from the issuance and sale by the Company of its equity securities and/or upfront cash payments from one or more strategic corporate partnerships.

The Term Loan will mature on July 1, 2018. Each advance under the Term Loan accrues interest at a floating per annum rate equal to the greater of (i) 7.30% or (ii) the sum of 7.30% plus the prime rate minus 5.75%. The Term Loan provides for interest-only payments on a monthly basis until December 31, 2015. The interest only period may be extended at the Company's option for a three month period if the Company attains certain clinical milestones, and for an additional three month period if the Company attains certain clinical milestones and receives net cash proceeds of at least $30.0 million from the issuance and sale by the Company of its equity securities and/or upfront cash payments from one or more strategic corporate partnerships. Thereafter, payments will be payable monthly in equal installments of principal and interest to fully amortize the outstanding principal over the remaining term of the loan, subject to recalculation upon a change in the prime rate. The Company may prepay the Term Loan in whole or in part upon seven business days' prior written notice to Hercules. Any such prepayment of the Term Loan is subject to a prepayment charge of (i) 3.0% if such prepayment occurs within twelve months of the Closing Date, (ii) 2.0% if such prepayment occurs after twelve months following the Closing Date but on or prior to twenty-four months following the Closing Date, and (iii) 1.0% thereafter. Amounts outstanding during an event of default are payable upon Hercules' demand and shall accrue interest at an additional rate of 5.0% per annum of the past due amount outstanding. At the end of the loan term (whether at maturity, by prepayment in full or otherwise), the Company shall pay a final end of term charge to Hercules in the amount of 6.7% of the aggregate original principal amount advanced by Hercules. The amount of the end of term charge is being accrued over the loan term as interest expense.

In connection with the Hercules Loan Agreement, the Company issued to Hercules a warrant to purchase shares of the common stock of the Company at an exercise price of $6.05 per share. The warrant is initially exercisable for 137,521 shares of common stock. On such date (if any) as a Term C Loan Advance is made to the Company, the warrant shall automatically become exercisable for an additional 34,380 shares of common stock. The warrant is exercisable until January 8, 2020. The Company estimated the fair value of the warrant for shares exercisable on the issue date in January 2015 to be $659,000. The value of the warrant was recorded as a discount to the loan and will be amortized to interest expense using the effective interest method over the term of the loan. The fair value of the warrant was estimated on the date of issue for the exercisable shares at that date using the Black-Scholes option-pricing model. The following table shows the Black-Scholes assumptions used to value the warrant:

	January 8, 2015
Contractual life	5 years
Volatility rate	61%
Risk-free interest rate	1.50%
Expected dividends	—

In connection with the Hercules Loan Agreement, the Company entered into a stock purchase agreement with Hercules, whereby Hercules purchased 135,501 shares of common stock from the Company at a price per share of $7.38, which was equal to the closing price of the common stock on The NASDAQ Global Market on January 7, 2015, for an aggregate purchase price of approximately $1.0 million.

In December 2011, the Company entered into a loan and security agreement with Lighthouse Capital to borrow up to $10.0 million in one or more advances by December 31, 2012. In both March 2012 and August 2012, the Company borrowed $5.0 million under the loan and security agreement, for a total of $10.0 million. This amount was being repaid over 36 months beginning on December 1, 2012, at an interest rate of 8.25%. In addition, the Company was required to make an additional payment in the amount of $600,000 at the end of the loan term. The amount was accrued over the loan term as interest expense. The amount accrued as of December 31, 2014 was $574,000, and it was included in accrued expense in the Company's consolidated balance sheet. In January 2015, the Company repaid in full the amount outstanding under the Lighthouse Capital loan, or $3.6 million, with the proceeds from the Hercules Loan Agreement.

In connection with the loan and security agreement with Lighthouse Capital, the Company issued Lighthouse Capital a warrant to purchase a maximum of 66,436 shares of the Company's Series D Preferred Stock, at an exercise price of $12.04 per share and with an expiration date 10 years from the date of issue (December 2021). The Company determined the fair value of the warrant at the end of each reporting period using the Black-Scholes option pricing model until the warrant converted to a warrant to purchase 66,436 shares of common stock upon the completion of the IPO. The value of the warrant was recorded as a discount to the loan and was being amortized as interest expense using the effective interest method over the 36-month repayment term. The unamortized discount relating to the warrants, or $0.2 million, was expensed as interest expense upon repayment of the loan in January 2015.

7. STOCK OPTION PLAN

A summary of stock option activity for employee, director and nonemployee awards under all stock option plans during the six months ended June 30, 2015 is presented below (Aggregate Intrinsic Value in thousands):

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding — January 1, 2015	2,126,176	$ 4.97	6.7	$ 2,701
Granted	1,194,062	7.81		
Exercised	(323,555)	4.55		
Forfeited	(7,056)	5.36		
Outstanding — June 30, 2015	2,989,627	$ 6.21	7.5	$ 687
Options expected to vest — June 30, 2015	2,198,792	$ 6.50	7.6	$ 273
Options exercisable — June 30, 2015	679,738	$ 5.22	7.0	$ 399

The weighted-average per share grant date fair value of options granted during the six months ended June 30, 2015 and 2014 was $7.81 and $3.82, respectively.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model based on the assumptions noted in the table below. Expected volatility for the Company's common stock was determined based on an average of the historical volatility of a peer-group of similar public companies. The Company has limited option exercise information, and as such, the expected term of the options granted was calculated using the simplified method that represents the average of the contractual term of the option and the weighted-average vesting period of the option. The assumed dividend yield is based upon the Company's expectation of not paying dividends in the foreseeable future. The risk-free rate for periods within the contractual life of the option is based upon the U.S. Treasury yield curve in effect at the time of grant.

The Company has recorded stock-based compensation expense related to the issuance of stock option awards to employees of $403,000 and $196,000, for the three months ended June 30, 2015 and 2014, respectively, and $823,000 and $343,000 for the six months ended June 30, 2015 and 2014, respectively. The assumptions used in the Black-Scholes option-pricing model for stock options granted to employees and to directors in respect of board services during the three and six months ended June 30, 2015 and 2014 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Expected life	5.4-6.1 years	6 years	5.4-6.1 years	6 years
Risk-free interest rate	1.8%-2.0%	1.9%-2.0%	1.5%-2.0%	1.8%-2.0%
Expected volatility	61 %	59%	61%-63%	59%-60%
Expected dividend rate	—%	—%	—%	—%

During the six months ended June 30, 2015, the Company granted nonemployee stock options to purchase 180,000 shares of the Company's common stock. The weighted-average exercise price and the weighted-average grant date fair value of nonemployee stock options granted for the six months ended June 30, 2015 was $5.30 per share and $3.07 per share, respectively. The fair value of the grants is being expensed over the vesting period of the options on a straight-line basis as the services are being provided. The Company did not grant any nonemployee stock option grants for the six months ended June 30, 2014.

The Company recorded stock-based compensation expense related to nonemployee awards of $53,000 and $12,000 for the three months ended June 30, 2015 and 2014, respectively, and $73,000 and $24,000 for the six months ended June 30, 2015 and 2014, respectively. The compensation expense related to nonemployee awards is included in the total stock-based compensation each year

and is subject to re-measurement until the options vest. The Black-Scholes assumptions used to estimate fair value for the three and six months ended June 30, 2015 and 2014 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Expected life	10 years	7 years	10 years	7 years
Risk-free interest rate	2.2%-2.3%	2.0%-2.5%	2.2%-2.3%	2.0%-2.5%
Expected volatility	59%	55%-59%	59%	55%-59%
Expected dividend rate	—%	—%	—%	—%

8. FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of cash equivalents, accounts payable, accrued expenses, and debt obligations. The carrying amount of accounts payable and accrued expenses are considered a reasonable estimate of their fair value, due to the short-term maturity of these instruments. The carrying amount of debt is also considered to be a reasonable estimate of the fair value based on the short term nature of the debt and because the debt bears interest at the prevailing market rate for instruments with similar characteristics.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value are performed in a manner to maximize the use of observable inputs and minimize the use of unobservable inputs.

The accounting standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 — Quoted prices in active markets that are accessible at the market date for identical unrestricted assets or liabilities.

Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs for which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A summary of the financial assets and liabilities that are measured on a recurring basis at fair value as of June 30, 2015 and December 31, 2014, is as follows (in thousands):

		Fair Value Measurements Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2015				
Money market funds	$ 85,520	$ —	$ 85,520	$ —
December 31, 2014				
Money market funds	$ 50,541	$ —	$ 50,541	$ —

The Company's debt obligations are Level 2 measurements in the fair value hierarchy.

The Company's money market funds have been valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. Inputs to the models may include, but are not limited to, reported trades, executable bid and asked prices, broker/dealer quotations, prices or yields of securities with similar characteristics, benchmark curves or information pertaining to the issuer, as well as industry and economic events. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security. The Company is ultimately responsible for the consolidated financial statements and underlying estimates. Accordingly, the Company assesses the reasonableness

of the valuations provided by the third-party pricing services by reviewing actual trade data, broker/dealer quotes and other similar data, which are obtained from quoted market prices or other sources.

No transfers between levels occurred during the periods presented.

9. SUBSEQUENT EVENT

On July 9, 2015, the Company entered into a lease agreement (the "Lease") with AstraZeneca Pharmaceuticals Limited Partnership, a Delaware limited partnership (the "Landlord"), for approximately 22,992 square feet of laboratory and office space in Waltham, Massachusetts. The term of the Lease commences on December 28, 2015 and expires on February 28, 2021, subject to a three-year extension option.

During each of the first two years of the term, the Company's annual base rent will be $689,760. Thereafter, the annual base rent will increase annually for the remainder of the term. In addition to the base rent, the Company is also responsible for its share of the operating expenses, utility costs and real estate taxes, in accordance with the terms of the Lease. Pursuant to the terms of the Lease, the Company provided a security deposit in the form of a letter of credit in the amount of $229,920.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should read the "Risk Factors" section of this Quarterly Report on Form 10-Q for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage, oncology-focused company applying our proprietary Dynamic Tumor Targeting™ Platform to develop differentiated therapies. This platform utilizes nanoparticle-drug conjugates, or NDCs, which consist of proprietary polymers that are covalently linked to anti-cancer therapeutics, or payloads. We believe these NDCs dynamically target tumors by exploiting the leakiness of new blood vessels in tumors as an entry portal into tumor tissue, followed by active uptake into tumor cells and the sustained release of the anti-cancer payload inside the tumor cells. We believe that our NDCs are differentiated from other nanoparticle technologies by our linker technology, which allows for preferential delivery of our anti-cancer payloads.

During the quarter ended June 30, 2015, we were granted Orphan Drug designation by the U.S. Food and Drug Administration, or the FDA, to our lead NDC, CRLX101, for the treatment of ovarian cancer. We are exploring two combination treatments for relapsed ovarian cancer: a Phase 2 clinical trial of CRLX101 plus Avastin® (bevacizumab) which is currently enrolling patients, and a Phase 1b clinical trial of CRLX101 plus weekly paclitaxel in collaboration with the GOG Foundation Inc., or GOG Foundation, which was initiated during the quarter. The FDA's Orphan Drug Designation Program provides orphan status to drugs and biologics intended to treat, diagnose or prevent rare diseases or disorders, which are defined as diseases or disorders that affect fewer than 200,000 people in the United States. This designation provides certain incentives, including federal grants, tax credits, a waiver of Prescription Drug User Fee Act, or PDUFA, filing fees and a seven-year marketing exclusivity period once the drug or biologic is approved.

The FDA also granted Fast Track designation to CRLX101 in combination with Avastin for the treatment of metastatic renal cell carcinoma, or RCC, following progression through two or three prior lines of therapy. We are exploring CRLX101 in combination with Avastin in this patient population through our company-sponsored, randomized, controlled Phase 2 clinical trial, and have also supported a Phase 1b/2 single-arm investigator-sponsored trial, or IST, of CRLX101 in combination with Avastin in relapsed RCC. The FDA's Fast Track Program is designed to facilitate the development and to expedite the review of drugs that are intended to treat serious conditions and to fulfill an unmet medical need.

Our second NDC, CRLX301, is in Phase 1 clinical development. On March 27, 2015, the investigational new drug application, or IND, for CRLX301 in the United States became effective, which enables us to conduct clinical trials for CRLX301 in the United States. In December 2014, we commenced the Phase 1 portion of a Phase 1/2a clinical trial for CRLX301 at two cancer centers in Australia, and we continue to enroll patients on this trial.

On April 10, 2015, we completed an underwritten public offering, or the Secondary Offering, of 6,716,000 shares of common stock, including 876,000 shares sold pursuant to the full exercise of the underwriters' option to purchase additional shares, at a public offering price of $6.00 per share. The net proceeds to us from the Secondary Offering were approximately $37.2 million, after deducting underwriting discounts and commissions and offering expenses payable by us.

To date, we have devoted substantially all of our resources to our drug discovery and development efforts, including conducting clinical trials of our product candidates, protecting our intellectual property and the general and administrative support of these operations. We have generated no revenue from product sales. We expect that it will be several years before we commercialize a product candidate, if ever. Through June 30, 2015, we have funded our operations primarily through $84.2 million in proceeds from the sale of shares of our convertible preferred stock in private placements, net proceeds of $59.9 million from sales of shares of our common stock in our initial public offering, or IPO, net proceeds of $37.2 million from sales of shares of our common stock in our Secondary Offering, $17.3 million in proceeds from our sale of convertible promissory notes, $10.0 million in proceeds from a loan and security agreement with Lighthouse Capital Partners VI, L.P., or Lighthouse Capital, and $15.0 million in proceeds from a loan and security agreement with Hercules Technology Growth Capital, Inc., or Hercules. We refer to our loan and security agreements with Lighthouse Capital and Hercules as the Lighthouse Loan Agreement and Hercules Loan Agreement, respectively.

We have never been profitable and have incurred significant operating losses since our incorporation. As of June 30, 2015, we had an accumulated deficit of $140.1 million. We incurred net losses of approximately $18.3 million and $10.3 million for the six months ended June 30, 2015 and 2014, respectively.

We expect to continue to incur significant and increasing expenses and operating losses for the foreseeable future, as we advance our product candidates through preclinical studies and clinical trials, and as we seek regulatory approval for, and eventually commercialize, our product candidates. Our net losses may fluctuate significantly from quarter to quarter and from year to year. We will need to raise additional capital in the future to support our expenses and operating activities.

Financial Operations Overview

Revenue

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from product sales for the next several years, if ever. In the future, we may generate revenue from a combination of product sales, license fees, milestone and research and development payments in connection with strategic partnerships, and royalties resulting 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 any such payments. Our ability to generate product revenues will depend on the successful development and eventual commercialization of our product candidates. If we fail to complete the development of our product candidates in a timely manner or to obtain regulatory approval for our product candidates, our ability to generate future revenue and our results of operations and financial position would be materially adversely affected.

To date, our only revenue has consisted of a government tax credit that we received in 2010 and payments in 2011-2014 from four material transfer agreements and a research agreement.

Research and Development Expenses

Research and development expense consists of costs incurred in connection with the discovery and development of our Dynamic Tumor Targeting Platform and our NDCs. These expenses consist primarily of:

- employee-related expenses, including salaries, benefits and stock-based compensation expense;
- expenses incurred under agreements with contract research organizations, or CROs, investigative sites that conduct our clinical trials and consultants that conduct a portion of our preclinical studies;
- expenses relating to scientific and medical consultants and advisors;
- the cost of acquiring and manufacturing clinical trial materials;
- facilities, depreciation of fixed assets and other allocated expenses, including direct and allocated expenses for rent and maintenance of facilities and equipment;
- lab supplies, reagents, active pharmaceutical ingredients and other direct and indirect costs in support of our preclinical and clinical activities;
- license fees related to in-licensed products and technology; and
- costs associated with non-clinical activities and regulatory approvals.

We expense research and development costs as incurred.

Conducting a significant amount of research and development is central to our business model. Product candidates in late stages of clinical development generally have higher development costs than those in earlier stages of clinical development primarily due to the increased size and duration of late-stage clinical trials. We plan to increase our research and development expenses for the foreseeable future as we continue to support multiple clinical trials of CRLX101 and CRLX301, and advance our earlier-stage research and development projects.

We use our employee and infrastructure resources across multiple research and development programs. We track external research and development expenses and personnel expense on a program-by-program basis and have allocated expenses such as stock-based compensation and indirect laboratory supplies and services to each program based on the personnel resources allocated to each program. Facilities, depreciation and scientific advisory board fees and expenses are not allocated to a program and are considered overhead. Below is a summary of our research and development expenses for the three months ended June 30, 2015 and 2014 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
CRLX101	$ 5,030	$ 1,875	$ 8,372	$ 2,768
CRLX301	827	360	1,715	524
Dynamic Tumor Targeting platform	487	234	935	514
Overhead	334	179	677	337
Total research and development expense	$ 6,678	$ 2,648	$ 11,699	$ 4,143

The following summarizes our research and development programs.

CRLX101

Our lead product candidate, CRLX101, is an NDC in Phase 2 clinical development. We are pursuing development of CRLX101 in combination with anti-cancer therapies in multiple ongoing clinical development programs that include company-sponsored trials and ISTs. These trials consist of:

- *Relapsed renal cell carcinoma:*
  - A Phase 2 randomized, controlled, company-sponsored trial is being conducted comparing CRLX101 administered in combination with Avastin to investigator's choice of standard of care in patients with RCC who have received two or three prior lines of therapy. We refer to this clinical trial as the RCC Trial.
  - A Phase 1b/2 single-arm IST of CRLX101 in combination with Avastin.
- *Relapsed ovarian cancer:*
  - A Phase 1b single-arm, company-sponsored trial of CRLX101 in combination with weekly paclitaxel in patients with relapsed ovarian cancer being conducted in collaboration with the GOG Foundation.
  - A Phase 2 IST of CRLX101 as monotherapy (in one arm) and in combination with Avastin (in a separate arm) in patients with relapsed ovarian cancer.
- *Neoadjuvant rectal cancer:*
  - A Phase 1b/2 single-arm IST of CRLX101 in combination with chemoradiotherapy in patients with non-metastatic rectal cancer.

We cannot accurately project future research and development expenses for our CRLX101 program because such expenses are dependent on a number of variables, including, among others, the cost and design of any additional clinical trials, the duration of the regulatory process and the results of any clinical trials.

Under our license agreement with Calando Pharmaceuticals, Inc., or Calando, pursuant to which we obtained rights to CRLX101, or the CRLX101 Agreement, we are obligated to pay milestone payments which could total, in the aggregate, $32.8 million, if we achieve certain development and sales events with CRLX101. In addition, under the CRLX101 Agreement, if we, or one of our affiliates, sell CRLX101 we are required to pay tiered royalty payments ranging from low- to mid-single digits, as a percentage of worldwide net sales, depending on whether there is patent protection for CRLX101 at the time of the sale. In the event we license or sublicense the intellectual property that we purchased or licensed from Calando, we are required to pay Calando a percentage of the income we receive from the licensee or sublicensee to the extent attributable to such license or sublicense, subject to certain exceptions. The percentage of such license income that we are obligated to pay Calando ranges from the low- to mid-double digits depending on the development stage of CRLX101 at the time we first provide or receive draft terms of a license arrangement with the third party that results in a license agreement.

CRLX301

CRLX301 is currently in early stage clinical development, with a Phase 1 trial ongoing. Assuming we are successful in establishing a safe maximum tolerated dose, or MTD, and/or a recommended Phase 2 dose in the Phase 1 trial, we plan to rapidly advance CRLX301 into Phase 2 development in selected solid tumors.

Under our license agreement with Calando pursuant to which we obtained rights to Calando's cyclodextrin system for purposes of conjugating or complexing certain other therapeutic agents to the system, or the Platform Agreement, we paid a $250,000 clinical development milestone to Calando in January 2015 in connection with the initiation of our Phase 1 clinical trial of CRLX301 in

December 2014. We are also required to make milestone payments in an aggregate amount of up to $18.0 million to Calando if we achieve certain development and sales events with respect to any cyclodextrin-based, or CDP-based, product. Further, under the Platform Agreement, if we, or one of our affiliates, sell CRLX301, or any CDP-based product, we are required to pay tiered royalty payments ranging from low- to mid-single digits, as a percentage of worldwide net sales, depending on whether there is patent protection at the time of the sale. In the event we license or sublicense the intellectual property that we purchased or licensed from Calando, we are required to pay Calando a percentage of the income we receive from the licensee or sublicensee to the extent attributable to such license or sublicense, subject to certain exceptions. The percentage of such license income that we are obligated to pay Calando is in the low-double digits.

Nanoparticle-Drug Conjugates or NDCs

We expect that the expenses related to our NDCs will continue to increase as we seek to identify additional targets for preclinical research and add personnel to these projects. We cannot accurately predict future research and development expenses for our NDCs because such costs are dependent on a number of variables, including the success of preclinical studies on any such NDC.

The successful development of any of our NDCs is highly uncertain. As such, at this time, we cannot reasonably predict with certainty the duration and costs of the current or future preclinical studies or clinical trials of any of our NDCs or if, when or to what extent we will generate revenues from any commercialization and sale of any of our NDCs that obtain marketing approval. We may never succeed in achieving regulatory approval for any of our NDCs. The duration, costs and timing of development of our NDCs will depend on a variety of factors, including:

- the scope and rate of progress of our ongoing clinical trials;
- a continued acceptable safety profile of any product candidate once approved;
- the scope, progress, timing, results and costs of researching and developing our NDCs and conducting preclinical and clinical trials;
- results from ongoing as well as any future clinical trials;
- significant and changing government regulation in the United States and abroad;
- the costs, timing and outcome of regulatory review or approval of our NDCs in the United States and abroad;
- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- establishment of arrangements with third party suppliers of raw materials and third party manufacturers of finished drug product;
- our ability to manufacture, market, commercialize and achieve market acceptance for any of our NDCs that we are developing or may develop in the future;
- the emergence of competing technologies and products and other adverse market developments; and
- the cost of preparing, filing and prosecuting patent applications and maintaining, enforcing and defending intellectual property-related claims.

Any change in the outcome of any of these variables with respect to the development of a NDC could mean a significant change in the cost and timing associated with the development of that NDC. For example, if the FDA, or a comparable non-U.S. regulatory authority were to require us to conduct clinical trials beyond those that we currently anticipate will be required for the marketing authorization of a NDC, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time to obtain marketing authorization.

As a result of the uncertainties discussed above, we are unable to determine when, or to what extent, we will generate revenues from the commercialization and sale of any of our NDCs. We anticipate that we will make determinations as to which additional programs to pursue and how much funding to direct to each program on an ongoing basis in response to the scientific and clinical data with respect to each NDC, as well as our ongoing assessment of the NDCs commercial potential. We will need to raise additional capital in the future in order to complete the development and commercialization of CRLX101 and CRLX301 and to fund the development of our other NDCs, if any.

General and Administrative Expenses

General and administrative expenses consist principally of salaries and related costs for personnel in our executive, finance, business development, marketing, legal and human resources functions. Other general and administrative expenses include patent

filing, patent prosecution, professional fees for legal, insurance, consulting, information technology, auditing and tax services and facility costs not otherwise included in research and development expenses.

We anticipate that our general and administrative expenses will increase in the future for, among others, the following reasons:

- we expect to incur increased general and administrative expenses to support our research and development activities, which we expect to expand as we continue to pursue the development of our NDCs;
- we expect our general and administrative expenses will continue to increase as a result of increased payroll, expanded infrastructure, higher consulting, legal, accounting and investor relations costs, director compensation and director and officer insurance premiums associated with being a public company; and
- we may begin to incur expenses related to sales and marketing of our NDCs in anticipation of commercial launch before we receive regulatory approval of a NDC.

Interest Income

Interest income consists of interest earned on our cash and cash equivalents. The primary objective of our investment policy is capital preservation.

Interest Expense

Interest expense consists primarily of interest, amortization of debt discount and amortization of deferred financing costs associated with the Hercules Loan Agreement. Interest expense also includes the write off of debt discount and deferred financing costs associated with the repayment in 2015 of the debt incurred under the Lighthouse Loan Agreement. In 2014, interest expense consists primarily of interest, amortization of debt discount and amortization of deferred financing costs associated with the Lighthouse Loan Agreement and interest expense on our convertible notes.

Results of Operations

Comparison of Three Months Ended June 30, 2015 and 2014 (Unaudited)

The following table summarizes our consolidated results of operations for the three months ended June 30, 2015 and 2014, together with the changes in those items in dollars and as a percentage (in thousands, except percentages):

	Three Months Ended June 30,		Change	
	2015	2014	Dollar	%
Revenue	$ —	$ 33	$ (33)	(100)%
Operating expenses:				
Research and development	6,678	2,648	4,030	152%
General and administrative	2,717	2,029	688	34%
Loss from operations	(9,395)	(4,644)	(4,751)	102%
Other expense, net	(512)	(2,759)	2,247	(81)%
Net loss	$ (9,907)	$ (7,403)	$ (2,504)	34%

Revenue. There was no revenue recorded for the three months ended June 30, 2015. For the three months ended June 30, 2014, revenue was $33,000 from two material transfer agreements which concluded in 2014. Pursuant to the agreements, we recorded revenue from payments we received in exchange for providing research services utilizing our proprietary technology.

Research and development. Research and development expense for the three months ended June 30, 2015, was $6.7 million compared to $2.6 million for the three months ended June 30, 2014, an increase of $4.1 million, or 152%. The increase was primarily attributable to an increase in costs associated with the CRLX101 program. The following table summarizes our research and development expense by program for the three months ended June 30, 2015 and 2014, together with the change in spending by program in dollars and as a percentage (in thousands, except percentages):

	Three Months Ended June 30,		Change	
	2015	2014	Dollar	%
CRLX101	$ 5,030	$ 1,875	$ 3,155	168%
CRLX301	827	360	467	130%
Dynamic Tumor Targeting platform	487	234	253	108%
Overhead	334	179	155	87%
Total research and development expense	$ 6,678	$ 2,648	$ 4,030	152%

For the three months ended June 30, 2015, CRLX101 program expenses increased by $3.2 million, or 168%, to $5.0 million compared to $1.9 million for the three months ended June 30, 2014. The increase in CRLX101 program expenses was primarily attributable to costs associated with our ongoing RCC Trial, which was initiated in mid-2014, together with costs associated with ISTs. Clinical trial expenses increased $1.9 million reflecting an increase in CRO fees, investigator fees and costs associated with clinical sites and laboratories. Salary and benefits expenses increased $0.6 million reflecting increased headcount to support the CRLX101 program and the clinical trials. Chemistry, manufacturing, and controls, or CMC, costs increased $0.4 million reflecting increased activity to support current and future clinical development of CRLX101.

For the three months ended June 30, 2015, CRLX301 program expenses increased $0.4 million, or 130%, to $0.8 million compared to $0.4 million for the three months ended June 30, 2014. The increase in CRLX301 program expense was primarily due to costs associated with the Phase 1 clinical trial that we initiated in December 2014. CRLX301 clinical trial expenses increased by $0.2 million for the three months ended June 30, 2015, compared to the prior year primarily due to CRO and laboratory costs. Salary and benefits expenses increased $0.1 million compared to the prior year reflecting increased headcount to support the CRLX301 program and the clinical trials. CMC and development expenses increased $0.1 million reflecting increased activity to support current and future clinical development of CRLX301.

Expenses associated with our Dynamic Tumor Targeting platform were $0.5 million for the three months ended June 30, 2015, an increase of $0.3 million, or 108%, compared to $0.2 million for the three months ended June 30, 2014. The increase was primarily due to increased headcount in new discovery research.

General and administrative. General and administrative expense for the three months ended June 30, 2015, was $2.7 million compared to $2.0 million for the three months ended June 30, 2014, an increase of $0.7 million, or 34%. The increase in general and administrative costs was primarily due to the growth in our corporate infrastructure to support a larger public company. Salaries and benefits, including stock-based compensation, increased $0.4 million for the three months ended June 30, 2015, reflecting increases in finance and accounting, legal and corporate communications. Professional and consulting fees increased $0.1 million for the period compared to the prior year primarily due to board fees and other costs related to being a public company. Other general and administrative expenses including facility and office expenses, dues and subscriptions, conferences, and travel increased for the three months ended June 30, 2015, compared to the prior year due to our overall growth.

Other expense, net. Other expense, net for the three months ended June 30, 2015, was $0.5 million compared to $2.8 million for the three months ended June 30, 2014, a decrease of $2.3 million, or 81%. The decrease in other expense, net, was primarily due to a $2.5 million loss on the conversion of our 2014 convertible notes, which was recorded in April 2014. The decrease was partially offset by a $0.3 million increase in interest expense to $0.5 million for the three months ended June 30, 2015, compared to $0.2 million for the three months ended June 30, 2014 due to a higher average debt balance for the period.

Comparison of Six Months Ended June 30, 2015 and 2014 (Unaudited)

The following table summarizes our consolidated results of operations for the six months ended June 30, 2015 and 2014, together with the changes in those items in dollars and as a percentage (in thousands, except percentages):

	Six Months Ended June 30,		Change	
	2015	2014	Dollar	%
Revenue	$ —	$ 80	$ (80)	(100)%
Operating expenses:				
Research and development	11,699	4,143	7,556	182%
General and administrative	5,398	3,539	1,859	53%
Loss from operations	(17,097)	(7,602)	(9,495)	125%
Other expense, net	(1,238)	(2,715)	1,477	(54)%
Net loss	$ (18,335)	$ (10,317)	$ (8,018)	78%

Revenue. There was no revenue recorded for the six months ended June 30, 2015. For the six months ended June 30, 2014, we recorded revenue of $80,000 from payments we received under two material transfer agreements. Pursuant to the agreements, we received payments in exchange for providing research services utilizing our proprietary technology. Work under the agreements terminated in 2014.

Research and development. Research and development expense for the six months ended June 30, 2015, was $11.7 million compared to $4.1 million for the six months ended June 30, 2014, an increase of $7.6 million, or 182%. The increase was primarily attributable to an increase in costs associated with the CRLX101 program. The following table summarizes our research and development expense by program for the six months ended June 30, 2015 and 2014, together with the change in spending by program in dollars and as a percentage (in thousands, except percentages):

	Six Months Ended June 30,		Change	
	2015	2014	Dollar	%
CRLX101	$ 8,372	$ 2,768	$ 5,604	202%
CRLX301	1,715	524	1,191	227%
Dynamic Tumor Targeting platform	935	514	421	82%
Overhead	677	337	340	101%
Total research and development expense	$ 11,699	$ 4,143	$ 7,556	182%

For the six months ended June 30, 2015, CRLX101 program expenses increased by $5.6 million, or 202%, to $8.4 million compared to $2.8 million for the six months ended June 30, 2014. The increase in CRLX101 program expense was primarily attributable to costs associated with our ongoing RCC Trial, which was initiated in mid-2014, together with costs associated with ISTs. Clinical trial expenses increased $3.4 million reflecting an increase in CRO fees, investigator fees and costs associated with clinical sites and laboratories. Salary and benefits expenses increased $1.1 million compared to the prior year to support the CRLX101 development program and the clinical trials. CMC costs increased $0.8 million compared to the prior year reflecting increased activity to support current and future clinical development of CRLX101.

For the six months ended June 30, 2015, CRLX301 program expenses increased $1.2 million, or 227%, to $1.7 million compared to $0.5 million for the six months ended June 30, 2014. The increase in CRLX301 program expenses was primarily due to costs associated with the Phase 1 clinical trial that we initiated in December 2014. CRLX301 clinical trial expenses increased by $0.4 million for the six months ended June 30, 2015 compared to the prior year primarily due to CRO fees, costs associated with clinical sites and laboratory costs. Salary and benefits expenses increased $0.4 million to support the CRLX301 development program and the clinical trials. CMC and development expenses increased $0.3 million reflecting increased activity to support current and future clinical development.

Expenses associated with our Dynamic Tumor Targeting platform were $0.9 million for the six months ended June 30, 2015, an increase of $0.4 million, or 82%, compared to $0.5 million for the six months ended June 30, 2014. The increase is primarily due to increased headcount in new discovery research.

General and administrative. General and administrative expense for the six months ended June 30, 2015, was $5.4 million compared to $3.5 million for the six months ended June 30, 2014, an increase of $1.9 million, or 53%. The increase in general and administrative costs was attributable to the growth in our corporate infrastructure to support a larger public company. Salaries and benefits, including stock-based compensation, increased $0.9 million for the six months ended June 30, 2015, compared to the prior year, reflecting increases in finance and accounting, legal and corporate communications. Professional and consulting fees increased by $0.5 million and insurance increased by $0.2 million for the period compared to the prior year primarily due to costs related to being a public company including board of director fees and insurance for directors and officers. Other general and administrative

expenses including facility and office expenses, dues and subscriptions, conferences, and travel increased $0.2 million for the six months ended June 30, 2015, compared to the prior year due to our overall growth.

Other expense, net. Other expense, net for the six months ended June 30, 2015, was $1.2 million compared to $2.7 million for the six months ended June 30, 2014, a decrease of $1.5 million, or 54%. The decrease in other expense, net, was primarily due to a $2.5 million loss on the conversion of our 2014 convertible notes, which was recorded in April 2014. Interest expense was $1.2 million and $0.7 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $0.5 million, or 70%. For the six months ended June 30, 2015, interest expense included $1.0 million associated with the Hercules Loan Agreement, including $0.2 million for the amortization of debt discount and deferred financing costs, and $0.2 million for the write off of debt discount and deferred financing costs associated with the repayment of the Lighthouse Loan Agreement. Interest expense for the six months ended June 30, 2014 included $0.2 million of interest on our convertible notes and $0.3 million of interest and $0.2 million for the amortization of debt discount and deferred financing costs associated with the Lighthouse Loan Agreement. Other expense, net, for the six months ended June 30, 2014 included a $0.5 million adjustment to the fair value of our outstanding preferred stock warrant liability which was recorded as other income.

Liquidity and Capital Resources

From our incorporation through June 30, 2015, we raised an aggregate of $224.6 million to fund our operations, of which $84.2 million was from the sale of preferred stock, $59.9 million was from the IPO, $37.2 million was from the Secondary Offering, $17.3 million was from the sale of convertible promissory notes, $25.0 million was from borrowings under loan and security agreements and $1.0 million was from the private placement of our common stock to Hercules. As of June 30, 2015, we had cash and cash equivalents of approximately $85.5 million.

Indebtedness

On January 8, 2015, we entered into the Hercules Loan Agreement and borrowed $15.0 million from Hercules. We used a portion of those proceeds to repay our outstanding indebtedness under the Lighthouse Loan Agreement.

The Hercules Loan Agreement provides for up to three separate tranches of borrowings, the first of which was funded in the amount of $15.0 million on January 8, 2015. We may draw the second tranche of up to $5.0 million, subject to the satisfaction of customary funding conditions, on or prior to December 15, 2015, provided that we meet certain clinical milestones specified in the Hercules Loan Agreement. We may draw the third tranche of up to $6.0 million at no less than $3.0 million per draw and subject to the satisfaction of customary funding conditions, on or after September 30, 2015 but before December 15, 2015, provided that between January 8, 2015, and December 15, 2015, we have received net cash proceeds of at least $40.0 million from our issuance and sale of equity securities and/or upfront cash payments from one or more strategic corporate partnerships.

Our indebtedness under the Hercules Loan Agreement will mature on July 1, 2018. Each advance under the Hercules Loan Agreement accrues interest at a floating per annum rate equal to the greater of (i) 7.30% or (ii) the sum of 7.30% plus the prime rate minus 5.75%. The Hercules Loan Agreement provides for interest-only payments on a monthly basis until December 31, 2015. The interest only period may be extended at our option for a three month period if we attain certain clinical milestones specified in the Hercules Loan Agreement, and for an additional three month period if we attain certain clinical milestones and receive net cash proceeds of at least $30.0 million from the issuance and sale of our equity securities and/or upfront cash payments from one or more strategic corporate partnerships. Thereafter, payments will be payable monthly in equal installments of principal and interest to fully amortize the outstanding principal over the remaining term of the loan, subject to recalculation upon a change in the prime rate. We may prepay the indebtedness under the Hercules Loan Agreement in whole or in part upon seven business days' prior written notice to Hercules. Any such prepayment is subject to a prepayment charge of (i) 3.0% if such prepayment occurs on or before January 8, 2016, (ii) 2.0% if such prepayment occurs after January 8, 2016, but on or before January 8, 2017, and (iii) 1.0% if such prepayment occurs after January 8, 2017. Amounts outstanding during an event of default are payable upon Hercules' demand and shall accrue interest at an additional rate of 5.0% per annum of the past due amount outstanding. At the end of the loan term (whether at maturity, by prepayment in full or otherwise), we shall pay a final end of term charge to Hercules in the amount of 6.7% of the aggregate original principal amount advanced by Hercules.

The Hercules Loan Agreement is secured by substantially all of our assets other than our intellectual property. We have also granted Hercules a negative pledge with respect to our intellectual property, which, among other things, prohibits us from selling, transferring, assigning, mortgaging, pledging, leasing, granting a security interest in or otherwise encumbering our intellectual property. The Hercules Loan Agreement includes restrictive covenants that may restrict our ability to obtain further debt or equity financing.

Lighthouse Loan Agreement. In 2011, we entered into the Lighthouse Loan Agreement which permitted us to borrow up to an aggregate principal amount of $10.0 million. We borrowed $5.0 million in March 2012 and an additional $5.0 million in August 2012. Interest accrued under the Lighthouse Loan Agreement at an annual rate of 8.25%. As of December 31, 2014, there was $3.3 million in aggregate principal amount outstanding under the Lighthouse Loan Agreement. We repaid in full our outstanding indebtedness under the Lighthouse Loan Agreement and terminated the agreement on January 8, 2015. There were no prepayment charges associated with the early repayment of the loan.

Convertible Notes. In 2014, we issued and sold convertible promissory notes in an aggregate principal amount of $8.5 million, to certain of our stockholders and one additional purchaser. The 2014 convertible notes accrued interest at an annual rate of 7%. In connection with the completion of our IPO, all principal and accrued interest under our 2014 convertible notes converted into an aggregate of 1,582,931 shares of our common stock, at 77.5% of the IPO price, or $5.43 per share.

Plan of Operations and Future Funding Requirements

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, clinical trial costs, contract manufacturing services, third-party clinical research and development services, laboratory and related supplies, legal and other regulatory expenses and general overhead costs.

We believe that our cash and cash equivalents as of June 30, 2015, will enable us to fund our operating expenses, debt service and capital expenditure requirements into 2017. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the number and development requirements of the NDCs we pursue;
- the scope, progress, timing, results and costs of researching and developing our NDCs, and conducting preclinical studies and clinical trials;
- the costs, timing and outcome of regulatory review of our NDCs;
- the cost and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our NDCs for which we receive marketing approval;
- the revenue, if any, received from commercial sales of any NDCs for which we receive marketing approval;
- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- the scope, costs and timing of the manufacture, supply and distribution of our drug candidates for preclinical and clinical trials;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the extent to which we acquire or in-license other medicines and technology;
- our headcount growth and associated costs; and
- the costs of operating as a public company.

Identifying potential NDCs and 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 or results required to obtain regulatory approval and achieve product sales. In addition, our NDCs, if approved, may not achieve commercial success. Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings and revenue from collaboration arrangements. To the extent that we raise additional capital through the future sale of equity or debt, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common stockholders. If we raise additional funds through collaboration arrangements in the future, we may have to relinquish valuable rights to our technologies, future revenue streams or drug candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market drug candidates that we would otherwise prefer to develop and market ourselves.

Cash Flows

The following table sets forth the primary sources and uses of cash for each period set forth below (in thousands):

	Six Months Ended June 30,	
	2015	2014
Net cash used in operating activities	$ (15,738)	$ (7,895)
Net cash (used in) provided by investing activities	(337)	2
Net cash provided by financing activities	50,377	66,676
Net increase in cash and cash equivalents	$ 34,302	$ 58,783

Net Cash Used in Operating Activities

The net use of cash in each period resulted primarily from our net losses adjusted for non-cash charges and changes in components of working capital.

Net cash used in operating activities was $15.7 million for the six months ended June 30, 2015, compared with $7.9 million for the six months ended June 30, 2014, an increase of $7.8 million, or 99%. The increase in net cash used in operating activities resulted primarily from an increase in operating expenses of $9.4 million partially offset by an increase in stock compensation expense of $0.6 million and a change in components of working capital of $0.9 million.

Net Cash Used in Investing Activities

Net cash used in investing activities was $0.3 million for the six months ended June 30, 2015, compared to net cash provided by investing activities of $2,000 for the six months ended June 30, 2014. For the six months ended June 30, 2015, cash used in investing activities included a $0.2 million increase in restricted cash to collateralize a stand-by letter of credit issued as a security deposit on a new facility lease. Cash used in investing activities for the purchase of lab equipment and employee computers increased $69,000 to $0.1 million for the six months ended June 30, 2015, compared to $38,000 for the six months ended June 30, 2014. Cash provided by investing activities for the six months ended June 30, 2014, included proceeds for the sale of property and equipment of $40,000.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $50.4 million for the six months ended June 30, 2015, compared with $66.7 million for the six months ended June 30, 2014. Net cash provided by financing activities for the six months ended June 30, 2015, was primarily due to net proceeds of $37.2 million from our Secondary Offering, proceeds of $15.0 million from our initial borrowing under the Hercules Loan Agreement, proceeds of $1.0 million from the sale of our common stock in a private placement to Hercules and proceeds of $1.5 million from the exercise of stock options. Net cash provided by financing activities for the six months ended June 30, 2015, was reduced by $3.9 million paid to repay in full the Lighthouse Loan Agreement and cash paid for debt issuance costs of $0.4 million. For the six months ended June 30, 2014, net cash provided by financing activities was primarily due to net proceeds of $59.9 million from our IPO and proceeds of $8.5 million from the sale of convertible promissory notes. Net cash provided by financing activities for the six months ended June 30, 2014, was reduced by payments of $1.6 million under the Lighthouse Loan Agreement and cash paid for debt issuance costs of $0.1 million.

Contractual Obligations and Contingent Liabilities

On July 9, 2015, we entered into a lease agreement with AstraZeneca Pharmaceuticals Limited Partnership for approximately 22,992 square feet of laboratory and office space in Waltham, Massachusetts. The lease commences on December 28, 2015, and expires on February 28, 2021, subject to our three-year extension option. During each of the first two years of the term, our annual base rent will be $689,760. Thereafter, the annual base rent will increase annually for the remainder of the term. In addition to the base rent, we are also responsible for our share of the operating expenses, utility costs and real estate taxes. The base rent for the extension term, if any, will be the greater of the fair market rent or the base rent for the lease year immediately preceding the commencement of the extension year.

On January 8, 2015, we borrowed $15.0 million under the Hercules Loan Agreement and used a portion of those proceeds to repay our total outstanding indebtedness of $3.6 million under the Lighthouse Loan Agreement, which has been terminated. Borrowings under the Hercules Loan Agreement bear interest at 7.3%. The Hercules Loan Agreement provides for interest only payments until December 31, 2015, subject to a potential extension of the interest only period in accordance with the terms of the Hercules Loan Agreement. Thereafter, amortization payments will be payable in equal monthly installments of principal and interest

to fully amortize the outstanding principal over the remaining term of the loan. At the end of the loan term (whether at maturity, by prepayment in full or otherwise), we will pay a final end of term charge to Hercules in the amount of 6.7% of the aggregate original principal amount advanced by Hercules.

As of June 30, 2015, there were no material changes, outside of the ordinary course of business, in our outstanding contractual obligations from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, other than as described in the preceding paragraphs.

Off-Balance Sheet Arrangements

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

Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update, or ASU, 2015-03, "Interest – Imputation of Interest", or ASU 2015-03. To simplify presentation of debt issuance costs, ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual and interim reporting periods beginning January 1, 2016 and is not expected to have a material impact on our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to changes in interest rates. As of June 30, 2015, we had cash and cash equivalents of approximately $85.5 million, consisting primarily of investments in money market funds and certificates of deposit. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of United States interest rates, particularly because our investments are in cash and cash equivalents. 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 investment portfolio. As of June 30, 2015, we were also subject to interest rate risk from our indebtedness under the Hercules Loan Agreement that accrues interest at a floating per annum rate equal to the greater of (i) 7.30% or (ii) the sum of 7.30% plus the prime rate minus 5.75%. A 10% increase in interest rates at June 30, 2015, would not have a material effect on our annual interest expense.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Our disclosure controls and procedures have been designed to provide reasonable assurance of achieving their objectives. Based on such evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2015.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the six months ended June 30, 2015, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Our business is subject to numerous risks. The following important factors, among others, could cause our actual results to differ materially from those expressed in forward-looking statements made by us or on our behalf in this Quarterly Report on Form 10-Q and other filings with the SEC, press releases, communications with investors and oral statements. Actual future results may differ materially from those anticipated in our forward-looking statements. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Risks Related to Our Financial Position and Need for Additional Capital

We will need substantial additional funding. If we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

We expect our expenses to increase in connection with our ongoing activities, particularly as we advance the clinical development of CRLX101 and CRLX301 and continue research and development and initiate additional clinical trials of, and seek regulatory approval for, these and other future product candidates. In addition, if we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. In particular, the costs that may be required for the manufacture of any product candidate that receives marketing approval may be substantial, and manufacturing our nanoparticle-drug conjugates, or NDCs, for commercial sale will require expensive and specialized facilities, processes and materials. Furthermore, relative to previous years when we operated as a private company, we expect to incur significant additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

We plan to use our current cash and cash equivalents to fund our ongoing research and development efforts. We will be required to expend significant funds in order to advance development of CRLX101, CRLX301 and our other potential product candidates. Our existing cash and cash equivalents will not be sufficient to fund all of the efforts that we plan to undertake, such as additional randomized trials of CRLX101 or CRLX301. Accordingly, we will be required to obtain further funding through public or private equity offerings, debt financings, collaborations or licensing arrangements or other sources. Adequate and additional funding may not be available to us on acceptable terms or at all.

On January 8, 2015 we entered into a loan and security agreement, which we refer to as the Hercules Loan Agreement, with Hercules Technology Growth Capital, Inc., or Hercules, and drew the first tranche of $15.0 million under the Hercules Loan Agreement. Although the Hercules Loan Agreement provides for two additional tranches in an aggregate amount of up to $11.0 million that we may borrow if we meet certain clinical and financing milestones, we may fail to meet these conditions and be unable to obtain this funding.

If we elect to obtain any additional debt financing, our ability to do so may be limited by covenants we have made under the Hercules Loan Agreement and our pledge to Hercules of substantially all of our assets, other than our intellectual property, as collateral. We have also granted Hercules a negative pledge with respect to our intellectual property, which, among other things, prohibits us from selling, transferring, assigning, mortgaging, pledging, leasing, granting a security interest in or otherwise encumbering our intellectual property. This negative pledge could further limit our ability to obtain additional debt financing. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy.

On April 10, 2015 we closed an underwritten public offering, or the Secondary Offering, of 6,716,000 shares of common stock, including 876,000 shares sold pursuant to the full exercise of the underwriters' option to purchase additional shares, at a public offering price of $6.00 per share. The gross proceeds to us from the Secondary Offering were approximately $40.3 million, before deducting underwriting discounts and commissions and offering expenses payable by us.

We believe that our cash and cash equivalents as of June 30, 2015 will enable us to fund our operating expenses, debt service and capital expenditure requirements into 2017. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the number and development requirements of the product candidates we pursue;

- the scope, progress, timing, results and costs of researching and developing our product candidates, and conducting preclinical and clinical trials;
- the costs, timing and outcome of regulatory review of our product candidates;
- the cost and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the revenue, if any, received from commercial sales of any product candidates for which we receive marketing approval;
- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the extent to which we acquire or in-license other medicines and technology;
- our headcount growth and associated costs; and
- the costs of operating as a public company.

Identifying potential product candidates and 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 or results required to obtain regulatory approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for several years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Raising additional capital may cause dilution to our stockholders, restrict our operations or require us to relinquish rights to technologies or product candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of public or private equity offerings, debt financings and/or license and development agreements with collaboration partners. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect the rights of our existing stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. In addition, additional debt financing would result in increased fixed payment obligations.

If we raise funds through collaborations, strategic partnerships or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Our existing and any future indebtedness could adversely affect our ability to operate our business.

On January 8, 2015, we entered into the Hercules Loan Agreement and drew the first tranche of $15.0 million. We used $3.6 million of the proceeds from our draw under the Hercules Loan Agreement to repay in full our outstanding indebtedness under our loan and security agreement with Lighthouse Capital Partner VI, L.P. As of June 30, 2015, we had approximately $16.1 million in outstanding indebtedness under the Hercules Loan Agreement.

Our outstanding indebtedness combined with current and future financial obligations and contractual commitments, including any additional indebtedness beyond our borrowings from Hercules, could have significant adverse consequences, including:

- requiring us to dedicate a portion of our cash resources to the payment of interest and principal, and prepayment and repayment fees and penalties, thereby reducing money available to fund working capital, capital expenditures, product development and other general corporate purposes;
- increasing our vulnerability to adverse changes in general economic, industry and market conditions;

- subjecting us to restrictive covenants that may reduce our ability to take certain corporate actions or obtain further debt or equity financing;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

We intend to satisfy our current and future debt service obligations with our existing cash and cash equivalents. Nevertheless, we may not have sufficient funds, and may be unable to arrange for additional financing, to pay the amounts due under our existing debt. Failure to make payments or comply with other covenants under our existing debt instruments could result in an event of default and acceleration of amounts due. If an event of default occurs and Hercules accelerates the amounts due, we may not be able to make accelerated payments, and Hercules could seek to enforce security interests in the collateral securing such indebtedness, which includes substantially all of our assets other than our intellectual property.

We have incurred significant losses since incorporation. We expect to incur losses over the next several years and may never achieve or maintain profitability.

Since incorporation, we have incurred significant operating losses. As of June 30, 2015, we had an accumulated deficit of $140.1 million. We do not know whether or when we will become profitable. We have not generated any revenues to date from product sales and have financed our operations primarily through the public offering of our common stock, private placements of our preferred stock, convertible debt financings and secured debt financings. We have not completed development of any product candidate and have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and clinical trials. We expect to continue to incur significant expenses and operating losses over the next several years. Our net losses may fluctuate significantly from quarter to quarter and year to year. Net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders deficit and working capital. We anticipate that our expenses will increase substantially if and as we:

- initiate and continue company-sponsored clinical trials of CRLX101, our most advanced product candidate, including single-arm trials and randomized controlled trials, alone or in combination with other agents;
- support ongoing and any new investigator-sponsored clinical trials, or ISTs, of CRLX101;
- continue our Phase 1 clinical trial of CRLX301, our second most advanced product candidate, as well as subsequent studies of CRLX301;
- elect to expand, amend or redesign any current trial of CRLX101 or CRLX301;
- continue our research and preclinical development of additional product candidates utilizing our Dynamic Tumor Targeting Platform;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- in the future, establish a sales, marketing and distribution infrastructure in the United States;
- scale up external manufacturing capabilities to commercialize any products for which we may obtain regulatory approval;
- maintain, expand and protect our intellectual property portfolio;
- add equipment and physical infrastructure to support our research and development; and
- hire additional personnel.

To become and remain profitable, we must succeed in developing and eventually commercializing products that generate significant revenue. We do not expect to generate significant revenue unless and until we are able to obtain marketing approval for, and successfully commercialize, one or more of our product candidates. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of our product candidates, discovering additional product candidates, obtaining regulatory approval for these product candidates, manufacturing, marketing and selling any products for which we may obtain regulatory approval, satisfying any post-marketing requirements and obtaining reimbursement for our products from private insurance or government payors. We are only in the preliminary stages of most of these activities and have not yet commenced other of these activities. We may never succeed in these activities and, even if we do, may never generate revenues that are significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. If we are

required by the United States Food and Drug Administration, or FDA, or the European Medicines Agency, or EMA, to perform studies in addition to those currently expected, or if there are any delays in completing our clinical trials or the development of any of our product candidates, our expenses could increase.

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, maintain our research and development efforts, diversify our product offerings or even continue our operations. A decline in the value of our company could cause our stockholders to lose all or part of their investment.

Given our planned expenditures for the next several years, including, without limitation, expenditures in connection with our clinical trials of CRLX101 and CRLX301, our independent registered public accounting firm may conclude that there is substantial doubt regarding our ability to continue as a going concern.

We have a limited operating history and no history of commercializing pharmaceutical products, which may make it difficult to evaluate the prospects for our future viability.

Our operations to date have been limited to organizing and staffing our company, developing and securing our technology, raising capital and undertaking preclinical studies and clinical trials of our product candidates. We have not yet demonstrated the ability to successfully complete development of any product candidates, obtain marketing approvals, manufacture a commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history or a history of successfully developing and commercializing pharmaceutical products.

Assuming we obtain marketing approval for any of our product candidates, we will need to transition from a company with a research and development focus to a company capable of supporting commercial activities. We may encounter unforeseen expenses, difficulties, complications and delays and may not be successful in such a transition.

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

Our approach to the discovery and development of product candidates based on our Dynamic Tumor Targeting Platform is unproven, and we do not know whether we will be able to develop any products of commercial value.

We are focused on applying our proprietary Dynamic Tumor Targeting Platform to develop drugs that address serious unmet medical needs. We believe that our Dynamic Tumor Targeting Platform has the potential to create drugs that may have significant utility in several cancer indications, particularly in combination with other cancer therapies. While the results of preclinical studies and early-stage clinical trials have suggested that certain of our product candidates may have such utility, we have not yet succeeded and may not succeed in demonstrating efficacy and safety for any of our product candidates in later stage clinical trials or in obtaining marketing approval thereafter. For example, we have not yet advanced a compound beyond Phase 2 clinical development. Moreover, the only compound for which we have completed a Phase 2 clinical trial, CRLX101 for the potential treatment of patients with advanced non-small cell lung cancer, or NSCLC, who had progressed through one or two prior regimens of chemotherapy, failed to meet its primary endpoint of improvement in overall survival.

In addition, we have never had a product candidate receive approval or clearance from the FDA or a non-U.S. regulatory authority. While the FDA has approved nanoparticles such as Doxil® (doxorubicin hydrochloride liposome injection) and Abraxane® (nab-paclitaxel), to our knowledge, the FDA has not yet approved a polymeric nanoparticle such as our NDCs, which are a new way of targeting tumors. The regulatory review process for novel product candidates, such as ours, can be more expensive and take longer than for product candidates based on more well-known or extensively studied technologies due to regulatory authorities' lack of experience with them. As a result, we may be required to conduct additional studies and/or trials beyond those we anticipate and it may take us longer to develop and/or obtain regulatory approval for our existing and any future product candidates than we expect.

We are particularly dependent on the success of our lead product candidate, CRLX101, and our ability to develop, obtain marketing approval for and successfully commercialize CRLX101. If we are unable to develop, obtain marketing approval for or successfully commercialize CRLX101, either alone or through a collaboration, or experience significant delays in doing so, our business could be materially harmed.

We currently have no products approved for sale and have invested a significant portion of our efforts and financial resources in the development of CRLX101 for the treatment of patients with inadequately treated forms of cancer. Our prospects are substantially dependent on our ability to develop, obtain marketing approval for and successfully commercialize CRLX101. The success of CRLX101 will depend, among other things, on our ability to successfully complete clinical trials of CRLX101. The clinical trial process is uncertain, and failure of one or more clinical trials can occur at any stage of testing. For example, in 2011, we initiated an

open-label, randomized Phase 2 clinical trial of CRLX101 as monotherapy in patients with advanced NSCLC who had progressed through one or two prior regimens of chemotherapy. In this Phase 2 clinical trial, CRLX101 failed to meet its primary endpoint of improvement in overall survival of the CRLX101-treated group as compared to the control arm of the study, which was best supportive care.

In addition to the successful completion of clinical trials, the success of CRLX101 will also depend on several other factors, including the following:

- receipt of marketing approvals from the FDA or other applicable regulatory authorities;
- the performance of our future collaborators for CRLX101, if any;
- the extent of any required post-marketing approval commitments to applicable regulatory authorities;
- establishment and management of supply arrangements with third party raw materials suppliers and manufacturers;
- establishment and management of supply arrangements for the delivery of our product candidates in the United States and internationally;
- establishment and coordination of supply arrangements for the delivery of combination agents and/or standard of care drugs internationally, depending on the jurisdiction;
- obtaining and maintaining patent, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- protection of our rights in our intellectual property portfolio;
- launch of commercial sales if and when approved;
- a continued acceptable safety profile of CRLX101 following any marketing approval;
- commercial acceptance, if and when approved, by patients, the medical community and third party payors;
- establishment of arrangements with third party manufacturers to obtain finished drug products that are appropriately packaged for sale;
- establishing and maintaining pricing sufficient to realize a meaningful return on our investment; and
- competition with other therapies.

If we are unable to develop, receive marketing approval for, or successfully commercialize CRLX101, or experience delays as a result of any of these factors or otherwise, our business could be materially harmed.

If we experience delays or difficulties in the enrollment of patients in clinical trials, we may not achieve our clinical development on our anticipated timeline, or at all, and our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for CRLX101 or any of our other product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in clinical trials. Patient enrollment is a significant factor in the timing of clinical trials, and is affected by many factors, including:

- the size and nature of the patient population;
- the severity of the disease under investigation;
- unexpected or serious adverse events that occur in the trials;
- the proximity of patients to sites;
- the eligibility criteria for the trial;
- the design of the trial;
- efforts to facilitate timely enrollment;
- investigators' engagement with, or enthusiasm about, the trial;
- complexity of initiating or expanding trials with sites outside of the United States;

- competing trials; and
- clinicians' and patients' perceptions as to the potential advantages and risks of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating.

For example, with respect to our company-sponsored trial of CRLX101 in combination with Avastin (bevacizumab) in patients with 3rd and 4th line relapsed renal cell carcinoma, or the RCC Trial, which we initiated in August 2014, site accrual was slower than expected, so we added additional sites with the goal of completing enrollment according to plan; however, we may not be able to achieve this goal.

Our inability to enroll a sufficient number of patients for our clinical trials could result in significant delays or may require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates, delay or halt the development of and approval processes for our product candidates and jeopardize our ability to achieve our clinical development timeline and goals, including the dates by which we will commence, complete and receive results from clinical trials. Enrollment delays may also delay or jeopardize our ability to commence sales and generate revenues from our product candidates. Any of the foregoing could cause the value of our company to decline and limit our ability to obtain additional financing, if needed.

We are currently pursuing the clinical development of CRLX101 in combinations with Avastin in relapsed renal cell carcinoma and relapsed ovarian cancer and with capecitabine and radiotherapy in neoadjuvant rectal cancer and may focus on additional combinations in the future. If the FDA revokes its approval of, or if safety, efficacy, manufacturing or supply issues arise with, Avastin, capecitabine, or any other therapeutic that we use in combination with CRLX101 in the future, we may be unable to market CRLX101 or may experience significant regulatory delays or supply shortages, and our business could be materially harmed.

There are ongoing ISTs evaluating CRLX101 (1) in combination with Avastin in patients with renal cell carcinoma, or RCC, that has relapsed, (2) in combination with Avastin in patients with relapsed ovarian cancer and (3) in combination with capecitabine and radiotherapy in patients with neoadjuvant rectal cancer. We have also commenced the RCC Trial, which is a company-sponsored trial, and we expect to commence additional company-sponsored trials of CRLX101 in the future. Avastin is currently approved to treat various cancers, and the combination of capecitabine and radiotherapy is currently the standard of care in neoadjuvant rectal cancer in the United States. However, we did not develop or obtain regulatory approval for, and we do not manufacture or sell, Avastin or capecitabine. We may also seek to develop our product candidates in combination with other therapeutics in the future.

If the FDA revokes its approval of either Avastin or capecitabine, we will not be able to market CRLX101 in combination with such revoked therapeutic. If safety or efficacy issues arise with Avastin or capecitabine or any other therapeutics that we seek to combine with our product candidates in the future, we may experience significant regulatory delays, and the FDA may require us to redesign or terminate the applicable clinical trials. Moreover, if Avastin or capecitabine were to receive regulatory approval in combination with a different therapeutic in any indication for which we are pursuing approval, such approval could impact the feasibility and design of any subsequent clinical trials that we may seek to conduct evaluating CRLX101 in combination with Avastin or capecitabine, as applicable. If capecitabine and radiotherapy is replaced as the standard of care for treatment of neoadjuvant rectal cancer, the results, if any, of the ongoing IST or our planned company-sponsored clinical trial in neoadjuvant rectal cancer may be less meaningful, and the FDA may require us to conduct additional clinical trials of CRLX101 prior to any regulatory approval in this indication. In addition, if manufacturing, cost or other issues result in a supply shortage of Avastin, capecitabine or any other combination therapeutics, we may not be able to complete clinical development of CRLX101 on our current timeline or at all.

Even if CRLX101 were to receive regulatory approval and be commercialized for use in combination with Avastin or capecitabine or another therapeutic, we would continue to be subject to the risk that the FDA could revoke its approval of Avastin or capecitabine, that safety, efficacy, manufacturing, cost or supply issues could arise with one of these therapeutic agents, or that capecitabine and radiotherapy may be replaced as the standard of care in patients with neoadjuvant rectal cancer. This could result in CRLX101 being removed from the market or being less successful commercially.

On November 19, 2014, the FDA approved Genentech, Inc.'s supplemental Biologics License Application for Avastin plus chemotherapy for the treatment of women with recurrent platinum-resistant ovarian cancer. This approval may alter the regulatory and commercial landscape of ovarian cancer drug development. We initiated a Company-sponsored Phase 1b trial with the GOG Foundation, Inc. in which we will evaluate the combination of CRLX101 with weekly paclitaxel in patients with relapsed ovarian cancer. Based on the data generated by that trial, we will further evaluate the regulatory requirements and the commercial opportunity for CRLX101 in relapsed ovarian cancer. It is possible that we will determine that the threshold for regulatory approval is too high or that the commercial opportunity is too narrow and, for either reason, we might abandon our efforts to develop CRLX101 in relapsed ovarian cancer.

If our hypothesis regarding the role of hypoxia inducible factor, or HIF, in cancer cells proves incorrect, it may adversely affect our ability to commercialize and market CRLX101.

We believe that the anti-cancer activity shown by CRLX101 in preclinical tumor models is due in part to its inhibition of HIF, and we have prioritized the clinical development of CRLX101, among other criteria, on HIF-driven tumor types. We have shown preclinically that CRLX101 inhibits both HIF-1α and HIF-2α. While HIF-1α has become a target of increasing interest in cancer research and recent research suggests that HIF-1α is a master regulator for many cancer cell survival pathways, the science underlying HIF-1α is based on recent discoveries and not fully understood. Moreover, the exact role of HIF-2α is less well described and understood. If our hypothesis with respect to the role of HIF in cancer cells proves incorrect, CRLX101 may not have the same level of therapeutic benefit as it might otherwise have, and in that case we may be unable to receive marketing approval for, or successfully commercialize, CRLX101, and our business could be materially harmed.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Two of our product candidates are in clinical development, all of our other potential product candidates are in preclinical development, and the risk of failure of all of our product candidates is high. It is impossible to predict when or if any of our product candidates will prove effective or safe in humans or will receive regulatory approval. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The clinical development of our product candidates is susceptible to the risk of failure inherent at any stage of drug development, including failure to demonstrate efficacy in a clinical trial or across a broad population of patients, the occurrence of severe or medically or commercially unacceptable adverse events, failure to comply with protocols or applicable regulatory requirements and determination by the FDA or any comparable non-U.S. regulatory authority that a drug product is not approvable. It is possible that even if one or more of our product candidates has a beneficial effect, that effect will not be detected during clinical evaluation as a result of one or more of a variety of factors, including the size, duration, dosing schedule, design, measurements, conduct or analysis of our clinical trials. Conversely, as a result of the same factors, our clinical trials may indicate an apparent positive effect of a product candidate that is greater than the actual positive effect, if any. Similarly, in our clinical trials, we may fail to detect toxicity of or intolerability caused by our product candidates, or mistakenly believe that our product candidates are toxic or not well tolerated when that is not in fact the case.

The outcome of preclinical studies 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. For example, although a Phase 1/2a clinical trial of CRLX101 supported advancement of CRLX101 as monotherapy into Phase 2 clinical trials for patients with advanced NSCLC who had progressed through one or two prior regimens of chemotherapy, CRLX101 failed to meet its primary endpoint of improvement in overall survival of patients in this indication. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in earlier development, and we cannot be certain that we will not face additional setbacks. Moreover, there are currently multiple open-label ISTs of CRLX101 ongoing, including: a Phase 1b/2 open-label IST of CRLX101 in combination with Avastin in patients with relapsed RCC; a Phase 2 open-label IST in patients with relapsed ovarian cancer, consisting of a single-arm trial of CRLX101 as monotherapy and a single-arm combination trial of CRLX101 and Avastin; and a Phase 1b/2 open-label IST of CRLX101 in combination with chemoradiotherapy in patients with neoadjuvant rectal cancer. Interim investigator-reported data from subsets of the total patient populations in certain of these ISTs have been reported. These ISTs are still in progress and final results are not yet available. The preliminary results reported from the ISTs have in some cases been observed in only a small number of patients and may not be achieved by other patients on these or other clinical trials. There can be no assurance that company-sponsored trials will confirm the data seen in the ISTs.

The design of a clinical trial can determine whether its results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced or completed. We have limited experience in designing clinical trials and may be unable to design and execute a clinical trial to support marketing approval. For example, we believe that a significant increase in pathologic complete response is a clinically meaningful endpoint for the treatment of neoadjuvant rectal cancer, but there can be no assurance that the FDA will agree. In addition, preclinical and clinical data are often susceptible to varying interpretations and analyses. Many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for the product candidates. Even if we believe that the results of clinical trials for our product candidates warrant marketing approval, the FDA or comparable non-U.S. regulatory authorities may disagree and may not grant marketing approval of our product candidates.

In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type

of the patient populations, changes in and adherence to the clinical trial protocols, variability in the quality of clinical supply batches and the rate of dropout among clinical trial participants. Any Phase 2, Phase 3 or other clinical trials that we may conduct may not demonstrate the efficacy and safety necessary to obtain regulatory approval to market our product candidates.

If we experience any of a number of possible unforeseen events in connection with clinical trials of our product candidates, potential marketing approval or commercialization of our product candidates could be delayed or prevented.

We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent marketing approval of our product candidates, including:

- clinical trials of our product candidates may produce unfavorable or inconclusive results, such as with our Phase 2 clinical trial of CRLX101 as monotherapy for patients with advanced NSCLC who had progressed through one or two prior regimens of chemotherapy;
- we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, patient enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials at a higher rate than we anticipate;
- our third party contractors, including those manufacturing our product candidates or components or ingredients thereof or conducting clinical trials on our behalf, may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner or at all;
- 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;
- investigators may deviate from the trial protocol, fail to conduct the trial in accordance with regulatory requirements or misreport study data;
- we may experience delays in reaching or fail to reach agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- prospective clinical trial sites may be unwilling to participate in one or more of our combination clinical trials due to a perceived difficulty in obtaining reimbursement from managed care plans, government, or other third party payors;
- patients who enroll in a clinical trial, or the investigators enrolling such patients, may misrepresent the patients' eligibility to participate in the trial or may otherwise not comply with the clinical trial protocol, resulting in the need to drop the patients from the clinical trial, increase the needed enrollment size for the clinical trial or extend the clinical trial's duration;
- for any given trial we may find it necessary to open more clinical trial sites than originally planned;
- we may have to suspend or terminate one or more clinical trials of our product candidates for various reasons, including a determination that the path to commercialization is too difficult or uncertain, changes in the competitive or regulatory landscape, a finding that the participants are being exposed to unacceptable health risks, unexpected or serious adverse events or other unexpected characteristics of a product candidate;
- 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 or their respective standards of conduct, a finding that the participants are being exposed to unacceptable health risks, unexpected or serious adverse events or other unexpected characteristics of the product candidate or other therapeutic agents used in our clinical trials or findings of undesirable effects caused by a chemically or mechanistically similar drug or drug candidate;
- the FDA or comparable non-U.S. regulatory authorities may disagree with our clinical trial design or our interpretation of data from preclinical studies and clinical trials, or may change the requirements for approval even after it has reviewed and commented on the design of our clinical trials;
- the FDA or comparable non-U.S. regulatory authorities may fail to approve or subsequently find fault with the manufacturing processes or facilities of third party manufacturers with which we enter into agreements for clinical and commercial supplies;
- the supply or quality of raw materials or manufactured product candidates or drugs (whether provided by us or third parties) or other materials necessary to conduct clinical trials of our product candidates may be insufficient, inadequate or not available at an acceptable cost, or we may experience interruptions in supply; and

- the approval policies or regulations of the FDA or comparable non-U.S. regulatory authorities may significantly change in a manner rendering our clinical data insufficient to obtain marketing approval.

Product development costs for us will increase if we experience delays in testing or pursuing marketing approvals and we may be required to obtain additional funds to complete clinical trials and prepare for possible commercialization of our product candidates. We do not know whether any preclinical tests or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant preclinical or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations. In addition, many of the factors that cause, or lead to, clinical trial delays may ultimately lead to the denial of marketing approval of any of our product candidates.

We have conducted and intend to conduct additional clinical trials for certain of our product candidates at sites outside the United States, and the FDA may not accept data from trials conducted in such locations.

We have conducted, currently are conducting and intend in the future to conduct, clinical trials outside the United States. Opening trial sites outside of the United States may involve additional regulatory, administrative and financial burdens, including compliance with foreign and local requirements relating to regulatory submission and clinical trial practices. For example, in late 2014, we commenced in Australia the Phase 1 portion of a Phase 1/2a clinical trial of CRLX301 in patients with advanced solid tumor malignancies. In addition, we expanded the RCC Trial to South Korea where we recently completed the opening of five additional clinical sites.

Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of this data is subject to certain conditions imposed by the FDA. For example, the clinical trial must be well designed and conducted and performed by qualified investigators in accordance with good clinical practices, including review and approval by an independent ethics committee and informed consent from trial patients. The trial population must also adequately represent the U.S. population, and the data must be applicable to the U.S. population and U.S. medical practice in ways that the FDA deems clinically meaningful. Generally, the patient population for any clinical trials conducted outside of the United States must be representative of the population for which we intend to seek approval in the United States. In addition, while these clinical trials are subject to the applicable local laws, FDA acceptance of the data will be dependent upon its determination that the trials also complied with all applicable U.S. laws and regulations. On March 27, 2015 the IND in the United States for CRLX301 became effective which enables us to conduct clinical trials for CRLX301 in the United States. Nonetheless, there can be no assurance that the FDA will accept data from trials conducted outside of the United States. If the FDA does not accept the data from our Phase 1/2a clinical trial of CRLX301 in Australia, for example, or any other trial that we conduct outside the United States, it would likely result in the need for additional clinical trials, which would be costly and time-consuming and delay or permanently halt our development of CRLX101, CRLX301 or any future product candidates.

In addition, the conduct of clinical trials outside the United States could have a significant impact on us. Risks inherent in conducting international clinical trials include:

- foreign regulatory requirements that could burden or limit our ability to conduct our clinical trials;
- increased costs and heightened supply constraints associated with the acquisition of standard of care drugs and/or combination or comparator agents for which we may bear responsibility in certain jurisdictions;
- administrative burdens of conducting clinical trials under multiple foreign regulatory schema;
- foreign exchange fluctuations;
- more burdensome manufacturing, customs, shipment and storage requirements;
- cultural differences in medical practice and clinical research; and
- diminished protection of intellectual property in some countries.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of the FDA and comparable non-U.S. regulators, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of these product candidates.

We are not permitted to commercialize, market, promote or sell any product candidate in the United States without obtaining marketing approval from the FDA. Comparable non-U.S. regulatory authorities, such as the EMA, impose similar restrictions. We may never receive such approvals. We must complete extensive preclinical development and clinical trials to demonstrate the safety and efficacy of our product candidates in humans before we will be able to obtain these approvals.

Clinical testing is expensive, difficult to design and implement, can take many years to complete and is inherently uncertain as to outcome. We have not previously submitted a new drug application, or an NDA, to the FDA or similar drug approval filings to comparable non-U.S. regulatory authorities for any of our product candidates.

Any inability to successfully complete preclinical and clinical development could result in additional costs to us and impair our ability to generate revenues from product sales, regulatory and commercialization milestones and royalties. In addition, if (1) we are required to conduct additional clinical trials or other testing of our product candidates beyond the trials and testing that we contemplate, (2) we are unable to successfully complete clinical trials of our product candidates or other testing, (3) the results of these trials or tests are unfavorable, uncertain or are only modestly favorable, or (4) there are unacceptable safety concerns associated with our product candidates, we, in addition to incurring additional costs, may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as we intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or significant safety warnings, including boxed warnings;
- be subject to additional post-marketing testing or other requirements; or
- be required to remove the product from the market after obtaining marketing approval.

A fast track designation by the FDA may not actually lead to a faster development or regulatory review or approval process.

On April 27, 2015 we were notified that we received fast track designation for CRLX101 for the treatment of metastatic RCC following progression through two or three prior lines of therapy. We may seek fast track designation for other indications or other product candidates. If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the drug sponsor may apply for FDA fast track designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular product candidate is eligible for this designation, the FDA may still decide not to grant it. Even if we do receive fast track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program.

A breakthrough therapy designation by the FDA for our product candidates may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that our product candidates will receive marketing approval.

We may seek a breakthrough therapy designation for some of our product candidates. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs and biologics that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA are also eligible for accelerated approval.

Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a product candidate may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualifies as a breakthrough therapy, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

If we fail to obtain or maintain orphan drug exclusivity for some of our product candidates, we will miss out on certain valuable incentives including a period of marketing exclusivity as well as federal grants, tax credits and a waiver of PDUFA filing fees.

We intend to develop some product candidates that may be eligible for orphan drug designation from the FDA. Under the Orphan Drug Act, the FDA has discretion to designate a product as an orphan drug if it is designed to treat a rare disease or condition, which is defined as a patient population of less than 200,000 in the United States. The applicant that first obtains FDA approval for a

designated orphan drug receives marketing exclusivity for use of that drug for the stated condition or disease for a period of seven years.

For our product candidates that are eligible, we plan to rely on the exclusivity period under the Orphan Drug Act to attain a competitive position. If we do not obtain orphan drug exclusivity for our drug products that do not have broad patent protection, our competitors may then sell the same drug to treat the same condition and our revenues will be reduced. On May 26, 2015 the FDA granted orphan drug designation to CRLX101 for the treatment of ovarian cancer.

Even though we have obtained orphan drug designation for CRLX101 for the treatment of ovarian cancer, we still may not be the first to obtain marketing approval for any particular orphan indication. Further, even if we obtain orphan drug exclusivity for a product candidate, that exclusivity may not effectively protect it from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved and granted orphan drug exclusivity, the FDA can subsequently approve the same drug for the same condition. Orphan drug designation neither shortens the development time or regulatory review time of a drug, nor gives the drug any advantage in the regulatory review or approval process.

We may request Priority Review for one or more of our product candidates at the time of the submission of the NDA to FDA. The FDA may not grant Priority Review for any of our product candidates. Moreover, even if the FDA designated Priority Review for one of our product candidates, that designation may not lead to a faster regulatory review or approval process and, in any event, would not assure FDA approval.

A ten month standard NDA review clock will begin at the conclusion of the 60 calendar day filing review period that starts on the date the FDA receives the original submission. This means the FDA has a total of twelve months from its receipt of the original submission to take regulatory action. We may be eligible for Priority Review designation for our NDA submission if the FDA determines that our product candidate treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The six month Priority Review clock will begin at the conclusion of the 60 calendar day filing review period that starts on the date of FDA receipt of the original submission. Therefore, if granted Priority Review, the FDA has a total of eight months to take action on an application rather than the standard total of twelve months. We may request Priority Review for CRLX101 if and when we submit an NDA for CRLX101. Our current clinical development timeline assumes CRLX101 will receive Priority Review. The FDA has broad discretion whether or not to grant Priority Review to a product candidate, so even if we believe a particular product candidate is eligible for such designation or status, the FDA may decide not to grant it. Thus, while the FDA has granted Priority Review to other oncology product candidates, CRLX101 may not receive similar designation. Moreover, even if CRLX101 or one of our other product candidates is designated for Priority Review, such a designation does not necessarily mean a faster regulatory review process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving Priority Review from the FDA also does not guarantee approval within the eight-month review cycle or thereafter.

We believe we may in some instances be able to secure approval from the FDA or comparable non-U.S. regulatory authorities to use accelerated registration pathways. If unable to obtain such approval, we may be required to conduct additional preclinical studies or clinical trials beyond those that we contemplate, which could increase the expense of obtaining, and delay the receipt of, necessary marketing approvals.

We anticipate that we may seek an Accelerated Approval development pathway for certain of our product candidates and indications. Under the Accelerated Approval provisions in the Federal Food, Drug, and Cosmetic Act, or FDCA, and the FDA's implementing regulations, the FDA may grant Accelerated Approval to a product designed to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies upon a determination that the product has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. The FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of Accelerated Approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit. The Accelerated Approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. If granted, Accelerated Approval is contingent on the sponsor's agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verify and describe the drug's clinical profile or risks and benefits for Traditional Approval. If such post-approval studies fail to confirm the drug's clinical profile or risks and benefits, the FDA may withdraw its approval of the drug.

If we choose to pursue Accelerated Approval, we intend to seek feedback from the FDA and will otherwise evaluate our ability to seek and receive such Accelerated Approval. There can be no assurance that the FDA will agree that our endpoint is an appropriate surrogate endpoint. There can also be no assurance that after our evaluation of the feedback and other factors we will decide to pursue or submit an NDA for Accelerated Approval or any other form of expedited development, review or approval. Similarly, there can be

no assurance that after subsequent FDA feedback that we will continue to pursue or apply for Accelerated Approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, if we decide to submit an application for Accelerated Approval, there can be no assurance that such submission or application will be accepted or that any expedited review or approval will be granted on a timely basis, or at all. The FDA or other non-U.S. authorities could also require us to conduct further studies prior to considering our application or granting approval of any type. Even if the FDA agreed that we could pursue an Accelerated Approval registration pathway, we might not be able to fulfill the FDA's requirements with respect to chemistry, manufacturing and controls in a timely manner, which would cause delays, or approval might not be granted because our submission is deemed incomplete by the FDA.

A failure to obtain Accelerated Approval or any other form of expedited development, review or approval for our product candidates would result in a longer time period to commercialization of such product candidate, could increase the cost of development of such product candidate and could harm our competitive position in the marketplace.

Serious adverse events of CRLX101 or any of our product candidates may be identified during clinical development. Further, other unexpected properties of our product candidates may be identified during manufacture or development. Such adverse events or unexpected properties could delay or prevent the continued development and/or marketing approval of any such product candidate.

Serious adverse events caused by, or other unexpected properties of, our product candidates could cause us, an institutional review board or regulatory authorities to interrupt, delay or halt clinical trials of one or more of our product candidates and could result in a more restrictive label or the delay or denial of marketing approval by the FDA or comparable non-U.S. regulatory authorities. If any of our product candidates is associated with serious adverse events or other unexpected properties, we may need to abandon development or limit development of that product candidate to certain uses or subpopulations in which those undesirable characteristics would be expected to be less prevalent, less severe or more tolerable from a risk-benefit perspective. If we learn that the manufacture of our product candidates generates unexpected impurities or product degradants, these properties could contribute to serious adverse events and negatively impact our overall development cost and timelines as we address those properties. Many compounds that initially showed promise in clinical or earlier stage testing have later been found to cause serious or unexpected adverse events and negatively affect overall development costs and timelines, which may even prevent further development of the compound.

Both camptothecin, the anti-cancer payload of CRLX101, and docetaxel, the anti-cancer payload of CRLX301, have been associated with toxicities. These toxicities led to discontinuation of the clinical development in the case of camptothecin and have led to dose adjustments, treatment discontinuation and extensive supportive care in the case of docetaxel. While we believe that our Dynamic Tumor Targeting Platform has the potential to improve the unfavorable adverse event profiles of both camptothecin and docetaxel, if this hypothesis is wrong and we experience unexpected or more severe toxicities in our ongoing clinical trials or in clinical trials we conduct in the future, whether due to the inclusion of camptothecin or docetaxel or another therapeutic as the anti-cancer payload in our NDCs or otherwise, we may not receive approval to market, or achieve commercial success with respect to, any of our product candidates, which could prevent us from ever generating revenues or achieving profitability. In addition, our Dynamic Tumor Targeting Platform may have other limitations with respect to targeting tumors and limiting exposure of normal tissue to our NDCs' anti-cancer payload. For example, liver tissue has pore sizes that are generally larger than other normal tissue, and therefore, our NDCs and their anti-cancer payloads may preferentially concentrate in the liver.

We may not be successful in our efforts to identify or discover additional potential product candidates.

The development of new NDCs based on our Dynamic Tumor Targeting Platform is a key area of research for us. The drug discovery that we are conducting using our Dynamic Tumor Targeting Platform may not be successful in creating compounds that have commercial value or therapeutic utility. Our research programs may initially show promise in creating potential product candidates, yet fail to yield viable product candidates for clinical development for a number of reasons, including:

- newly designed NDCs may not demonstrate satisfactory efficacy or other benefits, either alone or in combination with other therapeutics; or
- potential product candidates may, on further study, be shown to have harmful toxicities or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance.

Our research programs to identify new product candidates will require substantial technical, financial and human resources. We may be unsuccessful in our efforts to identify new potential product candidates. In addition, we may focus our efforts and resources on one or more potential product candidates that ultimately prove to be unsuccessful. If we are unable to identify suitable additional compounds for preclinical and clinical development, our ability to develop product candidates and obtain product revenues in future periods could be compromised, which could result in significant harm to our financial position and adversely impact our stock price.

Even if one of our product candidates receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third party payors and others in the medical community necessary for commercial success and the market opportunity for the product candidate may be smaller than we estimate.

We have never commercialized a product. Even if CRLX101 or any of our other product candidates is approved by the appropriate regulatory authorities for marketing and sale, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third party payors and others in the medical community. For example, physicians are often reluctant to switch their patients from existing therapies even when new and potentially more effective or convenient treatments enter the market. Further, patients often acclimate to the therapy that they are currently taking and do not want to switch unless their physicians recommend switching products or they are required to switch therapies due to lack of reimbursement for existing therapies.

Efforts to educate the medical community and third party payors on the benefits of our product candidates may require significant resources and may not be successful. If any of our product candidates is approved but does not achieve an adequate level of market acceptance, we may not generate significant revenues and may not become profitable. The degree of market acceptance of CRLX101 or any of our other product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of the product;
- the potential advantages of the product compared to alternative treatments;
- the prevalence and severity of any side effects;
- the clinical indications for which the product is approved;
- whether the product is designated under physician treatment guidelines as a first-line therapy or as a second- or third-line therapy;
- limitations or warnings, including distribution or use restrictions, contained in the product's approved labeling;
- our ability to offer the product for sale at competitive prices;
- our ability to establish and maintain pricing sufficient to realize a meaningful return on our investment;
- the product's convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try, and of physicians to prescribe, the product;
- the strength of sales, marketing and distribution support;
- the availability of alternative treatments already approved or approval of other new products for the same indications;
- changes in the standard of care for the targeted indications for the product;
- the timing of market introduction of our approved products as well as competitive products and other therapies;
- availability and amount of reimbursement from government payors, managed care plans and other third party payors;
- the strength and efficacy of our marketing and distribution efforts;
- adverse publicity about the product or favorable publicity about competitive products; and
- potential product liability claims.

The potential market opportunities for our product candidates are difficult to estimate precisely. Our estimates of the potential market opportunities are predicated on many assumptions, including industry knowledge and publications, third party research reports and other surveys. While we believe that our internal assumptions are reasonable, these assumptions involve the exercise of significant judgment on the part of our management, are inherently uncertain and the reasonableness of these assumptions has not been assessed by an independent source. If any of the assumptions proves to be inaccurate, the actual markets for our product candidates could be smaller than our estimates of the potential market opportunities.

If any of our product candidates receives marketing approval and we, or others, later discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, our ability to market the drug could be compromised.

Clinical trials of our product candidates are conducted in carefully defined subsets of patients who have agreed to enter into clinical trials. Consequently, it is possible that our clinical trials may indicate an apparent positive effect of a product candidate that is greater than the actual positive effect, if any, or, alternatively, fail to identify undesirable side effects. If, following approval of a product candidate, we, or others, discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, any of the following adverse events could occur:

- regulatory authorities may withdraw their approval of the drug or seize the drug;
- we may be required to recall the drug or change the way the drug is administered;
- additional restrictions may be imposed on the marketing of, or the manufacturing processes for, the particular drug;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we may be required to create a Medication Guide outlining the risks of the previously unidentified side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients;
- the drug may become less competitive; and
- our reputation may suffer.

Any of these events could have a material and adverse effect on our operations and business and could adversely impact our stock price.

If we are unable to establish sales, marketing and distribution capabilities or enter into acceptable sales, marketing and distribution arrangements with third parties, we may not be successful in commercializing any product candidates that we develop, if and when those product candidates are approved.

We do not have a sales, marketing or distribution infrastructure and have limited experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product, we must either develop a sales and marketing organization or outsource these functions to third parties. If approved, we expect to commercialize our lead product candidates in the United States directly with a small and highly focused commercialization organization. The development of sales, marketing and distribution capabilities will require substantial resources, will be time-consuming and could delay any product launch. We expect that we will commence the development of these capabilities prior to receiving approval of any of our product candidates. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and distribution capabilities is delayed or does not occur for any reason, we could have prematurely or unnecessarily incurred these commercialization costs. Such a delay may be costly, and our investment could be lost if we cannot retain or reposition our sales and marketing personnel. In addition, we may not be able to hire or retain a sales force in the United States that is sufficient in size or has adequate expertise in the medical markets that we plan to target. If we are unable to establish or retain a sales force and marketing and distribution capabilities, our operating results may be adversely affected. If a potential partner has development or commercialization expertise that we believe is particularly relevant to one of our products, then we may seek to collaborate with that potential partner even if we believe we could otherwise develop and commercialize the product independently.

We expect to seek one or more strategic partners for commercialization of our product candidates outside the United States. As a result of entering into arrangements with third parties to perform sales, marketing and distribution services, our product revenues or the profitability of these product revenues may be lower, perhaps substantially lower, than if we were to directly market and sell products in those markets. Furthermore, we may be unsuccessful in entering into the necessary arrangements with third parties or may be unable to do so on terms that are favorable to us. In addition, we may have little or no control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively.

If we do not establish sales and marketing capabilities, either on our own or in collaboration with third parties, we will not be successful in commercializing any of our product candidates that receive marketing approval.

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

The development and commercialization of new drug products is highly competitive. We expect that we will face significant competition from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide with respect to CRLX101, CRLX301 and any future product candidates that we may seek to develop or commercialize. Specifically, due to the large unmet medical need, global demographics and relatively attractive reimbursement dynamics, the oncology market is fiercely competitive and there are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of product candidates for the treatment of cancer. Our competitors may succeed in developing, acquiring or licensing technologies and drug products that are more effective, have fewer or more tolerable adverse events or are less costly than any product candidates that we are currently developing or that we may develop, which could render our product candidates obsolete and noncompetitive.

Several companies are marketing and developing oncology products. Companies with marketed nanoparticle oncology products include Celgene Corporation (Abraxane indicated for breast cancer, NSCLC and pancreatic cancer), Janssen (Doxil® for ovarian cancer and, in combination with botezomib, for multiple myeloma) and Spectrum Pharmaceuticals (Marqibo ® (vincristine sulfate liposome injection) indicated for relapsed Philadelphia chromosome-negative acute lymphoblastic leukemia). Companies with nanoparticle oncology product candidates in clinical development include BIND Therapeutics, Inc. (BIND 014 for NSCLC and metastatic castration-resistant prostate cancer), Nippon Kayku Seizo Co., Ltd. (NK105 in breast cancer), Celator Pharmaceuticals, Inc. (CPX-351 for acute myeloid leukemia), Celsion Corporation (ThermoDox ® (lyso-thermosensitive liposomal doxorubicin) for solid tumors), Cytimmune Sciences, Inc. (CYT-6091 for oncology and autoimmune diseases) and Supratek Pharma Inc. (SP1049C for solid tumors). In addition, at least two companies have clinical-stage oncology product candidates that are irinotecan reformulations: Merrimack Pharmaceuticals' liposomal irinotecan (MM-398 for pancreatic and colorectal cancer) and Nektar Therapeutics' etirinotecan pegol (NKTR102 for breast cancer).

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA or other marketing approval for their product candidates before we are able to obtain approval for our product candidates, which could result in our competitors establishing a strong market position before we are able to enter the market. The competition for CRLX101 in our targeted indications includes the following:

Renal Cell Carcinoma. In advanced RCC, several drugs in development have the potential to obtain FDA marketing approval and change the standard of care. If this occurs, currently available treatments could be replaced or altered and our commercial opportunity could be reduced. For example, Exelixis, Inc. is developing cabozantinib in advanced RCC and the data from its ongoing phase 3 trial are anticipated in 2015. Acceleron Pharma Inc. is developing dalantercept in combination with axitinib, and TRACON Pharmaceuticals, Inc. is developing TRC105, also in combination with axitinib. Furthermore, data from a randomized Phase 2 clinical trial in relapsed RCC showed that the combination of the TKI levatinib and the mTOR inhibitor everolimus is an active combination in the second line setting.

In addition to these tyrosine kinase inhibitor and tyrosine kinase inhibitor combination programs in advanced RCC, immune checkpoint inhibitors, including nivolumab and pembrolizumab, are also being developed in RCC. Although these product candidates are being tested for earlier lines of therapy, they also have the potential to change the standard of care in advanced RCC, which, among other things, could result in existing first line therapies being prescribed instead for later lines of therapy. If this occurs, it would potentially reduce the commercial opportunity for CRLX101 in relapsed RCC.

Relapsed Ovarian Cancer. In relapsed ovarian cancer, the recent FDA approvals of Avastin with chemotherapy and Lynparza® in BRCA mutated patients has changed the standard of care, which could reduce the commercial opportunity for CRLX101 in this indication.

Neoadjuvant Rectal Cancer. In neoadjuvant rectal cancer, Isofol Medical AB is developing a molecule that is currently labeled [6R] 5,10-methylenetetrahydrofolate; Karyopharm Therapeutics Inc. is developing Selinexor in combination with chemoradiotherapy; Merck KGaA is developing tecemotide with chemoradiotherapy; Genentech, Inc. is testing Avastin in combination with capecitabine; Kadmon Corporation, LLC is developing KD018 in combination with capecitabine and radiation and AbbVie Inc. has completed an early stage clinical trial of the PARP inhibitor veliparib in combination with chemotherapy and radiation. If any of these product candidates receives marketing approval, our commercial opportunity in neoadjuvant rectal cancer could be reduced.

Many of our existing and potential future competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining marketing approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant

competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

If the FDA or comparable non-U.S. regulatory authorities approve generic versions of any of our products that receive marketing approval, or such authorities do not grant our products appropriate periods of data exclusivity before approving generic versions of our products, the sales of our products could be adversely affected.

Once an NDA is approved, the product covered thereby becomes a "reference listed drug" in the FDA's publication, "Approved Drug Products with Therapeutic Equivalence Evaluations." Manufacturers may seek approval of generic versions of reference listed drugs through submission of abbreviated new drug applications, or ANDAs, in the United States. In support of an ANDA, a generic manufacturer need not conduct clinical studies. Rather, the applicant generally must show that its product has the same active ingredient(s), dosage form, strength, route of administration and conditions of use or labeling as the reference listed drug and that the generic version is bioequivalent to the reference listed drug, meaning it is absorbed in the body at the same rate and to the same extent. Generic products may be significantly less costly to bring to market than the reference listed drug and companies that produce generic products are generally able to offer them at lower prices. Thus, following the introduction of a generic drug, a significant percentage of the sales of any branded product or reference listed drug may be typically lost to the generic product.

The FDA may not approve an ANDA for a generic product until any applicable period of non-patent exclusivity for the reference listed drug has expired. The FDCA provides a period of five years of non-patent exclusivity for a new drug containing a new chemical entity. Specifically, in cases in which such exclusivity has been granted, an ANDA may not be filed with the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification that a patent covering the reference listed drug is either invalid or will not be infringed by the generic product, in which case the applicant may submit its application four years following approval of the reference listed drug. While we believe that CRLX101 and certain of our other NDCs would be treated as new chemical entities by the FDA and, therefore, if approved, should be afforded five years of data exclusivity, the FDA may disagree with that conclusion and may approve generic products after a period that is less than five years. Manufacturers may seek to launch these generic products following the expiration of the applicable marketing exclusivity period, even if we still have patent protection for our product.

Competition that our products may face from generic versions of our products could materially and adversely impact our future revenue, profitability and cash flows and substantially limit our ability to obtain a return on the investments we have made in those product candidates.

CRLX301 is, and any additional product candidate that we may develop in the future may be, an NDC that includes a generically available therapeutic as its anti-cancer payload. If physicians and/or third party payors do not believe our product offers substantial advantages over other therapies incorporating the same generic anti-cancer payload, we may not be able to successfully commercialize our product.

Although we have intellectual property rights, including composition of matter patents, covering our product candidates, if approved, we expect that our product candidates will compete in the same indications against other nanoparticles and delivery platforms incorporating the same generic therapeutics. In particular, if any of our product candidates is approved and becomes commercially successful, other companies may intensify their efforts to develop a competing product that includes the corresponding generic therapeutic. If physicians, rightly or wrongly, do not believe that a product that we develop offers substantial advantages over another nanoparticle or delivery platform incorporating the same generic therapeutic, physicians might not prescribe our product. In addition, third party payors might refuse to provide reimbursement for a product that we develop when another nanoparticle or delivery platform incorporating the same generic therapeutic offers a cheaper alternative therapy in the same indication, or might otherwise encourage use of another nanoparticle or delivery platform incorporating the same generic therapeutic over our product, even if our product possesses favorable pharmaceutical properties.

Even if we are able to commercialize any product candidate that we develop, the product may become subject to unfavorable pricing regulations, third party payor reimbursement practices or healthcare reform initiatives that could harm our business.

The commercial success of our product candidates will depend substantially, both domestically and abroad, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third party payors. If reimbursement is not available, or is available only at limited levels, we may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish and maintain pricing sufficient to realize a meaningful return on our investment.

There is significant uncertainty related to third party payor coverage and reimbursement of newly approved drugs. Marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some non-U.S. markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay commercial launch of the product, possibly for lengthy time periods, which may negatively impact the revenues we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain marketing approval.

Our ability to commercialize CRLX101 or any other product candidate will depend in part on the extent to which coverage and reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third party payors, such as private health insurers and health maintenance organizations, decide which medications they will cover and establish reimbursement levels. The healthcare industry is acutely focused on cost containment, both in the United States and elsewhere. Government authorities and third party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications, which could affect our ability to sell our product candidates profitably. These payors may not view our products, if any, as cost-effective, and coverage and reimbursement may not be available to our customers, or may not be sufficient to allow our products, if any, to be marketed on a competitive basis. Cost-control initiatives could cause us to decrease the price we might establish for products, which could result in lower than anticipated product revenues. If the prices for our products, if any, decrease or if governmental and other third party payors do not provide adequate coverage or reimbursement, our prospects for revenue and profitability will suffer.

There may also be delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the indications for which the drug is approved by the FDA or comparable non-U.S. regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Reimbursement rates may vary, by way of example, according to the use of the drug and the clinical setting in which it is used. Reimbursement rates may also be based on reimbursement levels already set for lower cost drugs or may be incorporated into existing payments for other services.

In addition, increasingly, third party payors are requiring higher levels of evidence of the benefits and clinical outcomes of new technologies and are challenging the prices charged. We cannot be sure that coverage will be available for any product candidate that we, or they, commercialize and, if available, that the reimbursement rates will be adequate. Further, the net reimbursement for drug products may be subject to additional reductions if there are changes to laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. An inability to promptly obtain coverage and adequate payment rates from both government-funded and private payors for any our product candidates for which we obtain marketing approval could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our financial condition.

Product liability lawsuits against us could divert our resources, cause us to incur substantial liabilities and limit commercialization of any products that we may develop.

We face an inherent risk of product liability claims as a result of the clinical testing of our product candidates despite obtaining appropriate informed consents from our clinical trial participants. We will face an even greater risk if we commercially sell any product that we may develop. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates or products that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- significant costs to defend resulting litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue;

- reduced resources of our management to pursue our business strategy; and
- the inability to commercialize any products that we may develop.

Although we maintain general liability insurance of $2.0 million in the aggregate, umbrella insurance in the amount of $3.0 million in the aggregate and clinical trial liability insurance of $7.5 million in the aggregate, this insurance may not fully cover potential liabilities that we may incur. The cost of any product liability litigation or other proceeding, even if resolved in our favor, could be substantial. We will need to increase our insurance coverage if and when we begin selling any product candidate that receives marketing approval. In addition, insurance coverage is becoming increasingly expensive. If we are unable to obtain or maintain sufficient insurance coverage at an acceptable cost or to otherwise protect against potential product liability claims, it could prevent or inhibit the development and commercial production and sale of our product candidates, which could adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Our Dependence on Third Parties

We rely on third parties to conduct ISTs of some of our product candidates. Any failure by a third party to meet its obligations with respect to the clinical development of our drug candidates may delay or impair our ability to obtain regulatory approval for our product candidates.

We rely on academic institutions to conduct and sponsor clinical trials relating to some of our product candidates. We do not control the design or administration of ISTs, and our reliance on third parties to conduct the ISTs could, depending on the actions of such third parties, jeopardize the validity of the clinical data generated and adversely affect our ability to obtain marketing approval from the FDA or other applicable regulatory authorities.

Such arrangements provide us with certain information rights with respect to the ISTs, including access to and the ability to use and reference the data, including for our own regulatory filings, resulting from the investigator-sponsored trials. However, we do not control patient enrollment in, or the timing and reporting of the data from, ISTs, nor do we own the data from the ISTs. Moreover, if we are unable to confirm or replicate the results from the ISTs or if negative results are obtained in the ISTs, we would likely be further delayed or prevented from advancing further clinical development of our drug candidates. Further, if investigators or institutions breach their obligations with respect to the clinical development of our drug candidates, or if the data proves to be inadequate, then our ability to design and conduct any future clinical trials ourselves may be adversely affected.

The FDA or non-U.S. regulatory authorities may disagree with the sufficiency of our right of reference to the preclinical, manufacturing or clinical data generated by ISTs, or our interpretation of preclinical, manufacturing or clinical data from ISTs. If so, the FDA or other non-U.S. regulatory authorities may require us to obtain and submit additional preclinical, manufacturing, or clinical data before we may initiate our planned trials and/or may not accept such additional data as adequate to initiate our planned trials. Moreover, there will be no independent review of the results of the ISTs. Therefore, the investigators may interpret the results of the ISTs more favorably than an independent review would.

Moreover, ISTs of our product candidates may continue even after we commence company-sponsored trials in the same or different indications. To the extent the results of these ISTs are inconsistent with, or different from, the results of our company-sponsored trials, the FDA or a non-U.S. regulatory authority may question the results of the company-sponsored trial, or subject such results to greater scrutiny than it otherwise would. In these circumstances, the FDA or such other non-U.S. regulatory authorities may require us to obtain and submit additional clinical data, which could delay clinical development or marketing approval of the applicable product candidate.

We rely, and expect to continue to rely, on third parties to conduct our clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials.

We currently rely on third party clinical research organizations, or CROs, to conduct our clinical trials. We expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct our clinical trials. Our agreements with these third parties generally allow the third party to terminate the agreement at any time. If we are required to enter into alternative arrangements because of any such termination the introduction of our product candidates to market could be delayed.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For example, we design our clinical trials and will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with standards, commonly referred to as good clinical practices for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and

confidentiality of trial participants are protected. Our reliance on third parties that we do not control does not relieve us of these responsibilities and requirements. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, producing additional losses and depriving us of potential product revenue.

We may seek to enter into collaborations with third parties for the development and commercialization of our product candidates. If we fail to enter into such collaborations, or such collaborations are not successful, we may not be able to capitalize on the market potential of our product candidates.

We may seek third-party collaborators for development and commercialization of our product candidates. Our likely collaborators for any marketing, distribution, development, licensing or broader collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. We are not currently party to any such arrangement. However, if we do enter into any such arrangements with any third parties in the future, we will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements.

Collaborations involving our product candidates would pose the following risks to us:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors such as an acquisition that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- collaborators with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products;
- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential litigation;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our products or product candidates or that result in costly litigation or arbitration that diverts management attention and resources; and
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates.

Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all. If a collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program could be delayed, diminished or terminated.

If we are not able to establish collaborations, we may have to alter our development and commercialization plans.

Our drug development programs and the potential commercialization of our product candidates will require substantial additional cash to fund expenses. For some of our product candidates, we may decide to collaborate with pharmaceutical and biotechnology companies for the development and potential commercialization of those product candidates.

We face significant competition in seeking appropriate collaborators. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate. We may also be restricted under future license agreements from entering into agreements on certain terms with potential collaborators. Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

We may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may 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 may not be able to further develop our product candidates or bring them to market and generate product revenue.

We contract with third parties for the manufacture of our product candidates for preclinical and clinical testing and expect to continue to do so for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not currently own or operate manufacturing facilities for the production of clinical quantities of CRLX101 or CRLX301 and have limited personnel with manufacturing experience. We currently rely on and expect to continue to rely on third party contract manufacturers to manufacture supplies of our product candidates for preclinical and clinical testing, as well as for commercial manufacture if any of our product candidates receive marketing approval.

CRLX101 and CRLX301 must be manufactured through complex, multi-step synthesis processes that are time-consuming and involve special conditions at certain stages. Drug substance manufacture requires high potency containment, and drug product manufacture requires high potency containment under aseptic conditions, also referred to as sterile manufacture. In 2013, we experienced a batch contamination issue with the manufacture of a batch of CRLX301 drug substance, and the process of obtaining a new batch required several months to complete. Any additional performance failures on the part of our existing or future manufacturers could delay clinical development or marketing approval of our product candidates or result in our inability to generate sufficient supplies to meet commercial demands. Although we currently have backup suppliers for several stages of the manufacturing process, we rely on one supplier for each stage of this process. If our current contract manufacturers cannot perform as agreed, or become unavailable to us for any reason, we may be required to replace such manufacturers. Our agreements with our third party manufacturers can be terminated by us or such manufacturers on short notice. If any of our existing manufacturers should become unavailable to us for any reason or should be unable to secure additional manufacturing capacity in the event of higher than anticipated product demand, we may incur additional cost or delay in identifying or qualifying replacements. In addition, while we believe that our existing supplier of drug substance or an alternative supplier would be capable of continuing to produce drug substance in commercial quantities, we will need to identify a third-party manufacturer capable of providing commercial quantities of drug product. If we are unable to arrange for such a third-party manufacturing source, or fail to do so on commercially reasonable terms, we may not be able to successfully produce and market CRLX101 or any other product candidate or may be delayed in doing so.

Even if we are able to establish such arrangements with third party manufacturers, reliance on third party manufacturers entails additional risks, including:

- reliance on the third party for regulatory compliance and quality assurance;
- the ability of manufacturers to consistently produce intermediates, drug substance or drug product that meet required quality specifications;
- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

Third party manufacturers may not be able to comply with current good manufacturing practices, or cGMP, regulations or similar regulatory requirements outside the United States. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or applicable foreign regulatory agencies, our ability to secure and/or maintain regulatory approval for our product candidates could be adversely affected. Our failure, or the failure of our third party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

CRLX101, CRLX301 and any future product candidates that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

In addition, we generally rely on our manufacturers to purchase from third-party suppliers the materials necessary to produce our product candidates for our clinical studies. There are a small number of suppliers for certain capital equipment and raw materials that are used in the manufacture of our drugs. Such suppliers may not sell these raw materials to our manufacturers at the times we need them or on commercially reasonable terms. We do not have any control over the process or timing of the acquisition of these raw materials by our manufacturers. Moreover, we currently do not have any agreements for the commercial production of these raw materials. Any significant delay in the supply of a product candidate or the raw material components thereof for an ongoing clinical trial due to the need to replace a third-party manufacturer could considerably delay completion of our clinical studies, product testing and potential regulatory approval of our product candidates. If our manufacturers or we are unable to purchase these raw materials after regulatory approval has been obtained for our product candidates, the commercial launch of our product candidates would be delayed or there would be a shortage in supply, which would impair our ability to generate revenues from the sale of our product candidates.

Our current and anticipated future dependence upon others for the manufacture of our product candidates may adversely affect our future profit margins and our ability to commercialize any products that receive marketing approval on a timely and competitive basis.

Risks Related to our Intellectual Property

If we are unable to obtain and maintain patent protection for our technology and products or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary technology and products. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our novel technologies and product candidates.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, we do not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. In addition, the laws of non-U.S. countries may not

protect our rights to the same extent as the laws of the United States. For example, European patent law restricts the patentability of methods of treatment of the human body more than United States law does. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, and in some cases not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not issue as patents that protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our owned or licensed issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to United States patent law. The Leahy-Smith Act includes provisions that affect the way patent applications are prosecuted and affect patent litigation. The United States Patent and Trademark Office, or USPTO, recently developed new regulations and procedures to govern administration of the Leahy-Smith Act. However, many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our owned or licensed patent applications and the enforcement or defense of our owned or licensed issued patents, all of which could have a material adverse effect on our business and financial condition.

Moreover, we may be subject to third party preissuance submissions of prior art to the USPTO, or become involved in opposition, derivation, reexamination, inter partes review, post-grant review or interference proceedings challenging our owned or licensed patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

Even if our owned and licensed patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us, or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned and licensed patents may be challenged in courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or freedom to operate, or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

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

Competitors may infringe our owned or licensed patents or other intellectual property. To counter infringement or unauthorized use, we may be required to file or participate in infringement claims, which can be expensive and time consuming. Any claims we or our licensors assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents. In addition, in a patent infringement proceeding, a court may decide that a patent of ours or our licensor is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or 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 proceeding could put one or more of our owned or licensed patents at risk of being invalidated or interpreted narrowly.

CRLX101 and certain aspects of our platform technology are protected by patents assigned by or exclusively licensed from other companies or institutions. If these third parties terminate their agreements with us or fail to maintain or enforce the underlying patents, or we otherwise lose our rights to these patents, our competitive position and our market share in the markets for any of our approved products will be harmed.

We are a party to several license agreements and certain aspects of our business depend on patents and/or patent applications owned by other companies or institutions. In particular, we hold exclusive licenses from Calando Pharmaceuticals, Inc., or Calando, and California Institute of Technology, or Caltech and have been assigned certain patents from Calando for CRLX101, CRLX301 and cyclodextrine polymer-based, or CDP-based, product candidates. We also hold an exclusive license from the State University of New York, or SUNY, related to taxane-containing NDCs, such as CRLX301. We are likely to enter into additional license agreements as part of the development of our business in the future. If we are unable to maintain these patent rights for any reason, our ability to develop and commercialize our product candidates could be materially harmed.

Our licensors may not successfully prosecute certain patent applications under which we are licensed and on which our business depends. Even if patents issue from these applications, our licensors may fail to maintain these patents, may decide not to pursue litigation against third party infringers, may fail to prove infringement, or may fail to defend against counterclaims of patent invalidity or unenforceability.

Risks with respect to parties from whom we have obtained intellectual property rights may also arise out of circumstances beyond our control. For example, in March 2014, Calando entered Chapter 7 bankruptcy and, as a result, the intellectual property rights we have obtained from Calando are subject to potential risks that may arise in connection with bankruptcy. For instance, while our ability to develop and/or commercialize our current product candidates and our ability to utilize our platform are not dependent on the rights that we license from Calando, our license agreements with Calando could be rejected in connection with Calando's bankruptcy, in which case, we could, subject to elections and other rights and defenses that may be available to us, lose certain rights granted to us under such licenses. On March 27, 2015, the bankruptcy court granted Calando's bankruptcy trustee's application to retain a broker to help sell Calando's rights in certain assets including its rights in the license agreements with Cerulean. We reserved our rights with respect to any such sale.

In addition, in spite of our best efforts, our licensors might conclude that we have materially breached our intellectual property agreements and might therefore terminate the intellectual property agreements, thereby removing our ability to obtain regulatory approval and to market products covered by these intellectual property agreements. If our intellectual property agreements are terminated, or if the underlying patents fail to provide the intended market exclusivity, competitors would have the freedom to seek regulatory approval of, and to market, products similar or identical to ours. Moreover, if our intellectual property agreements are terminated, our former licensors and/or assignors may be able to prevent us from utilizing the technology covered by the licensed or assigned patents and patent applications. For example, under our agreements with Calando, which relate to CRLX101 and our CDP platform, if we fail to meet our payment obligations and do not adequately cure such failure, or if we terminate one or both of these agreements, other than for specified safety concerns, we are required to grant Calando an exclusive (even as to Cerulean), royalty-free license under the patent rights assigned pursuant to such terminated agreement and to assign the related IND to Calando. Moreover, if we fail to meet our diligence obligations under one or both of our agreements with Calando, Calando may convert the license to a non-exclusive license, and we will be required to grant Calando a non-exclusive license under the patent rights assigned to us pursuant to such terminated agreement. This could have a material adverse effect on our competitive business position and our business prospects.

If we fail to comply with our obligations in our intellectual property agreements with third parties, we could lose rights that are important to our business.

We are party to multiple intellectual property agreements that impose, and we may enter into additional intellectual property agreements that may impose, various diligence, milestone payment, royalty and other obligations on us. Under our existing intellectual property agreements, we are obligated to pay royalties on the net sales of product candidates or related technologies to the extent they are covered by the agreement. We also have diligence and development obligations under those agreements. If we fail to comply with our obligations under current or future intellectual property agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product that is covered by the agreement or face other penalties under the agreement. Such an occurrence could materially adversely affect the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

Some intellectual property which we have licensed may have been discovered through government funded programs and thus may be subject to federal regulations such as "march-in" rights, certain reporting requirements, and a preference for United States industry. Compliance with such regulations may limit our exclusive rights, subject us to expenditure of resources with respect to reporting requirements, and limit our ability to contract with non-U.S. manufacturers.

Some of the intellectual property rights we have licensed may have been generated through the use of United States government funding and may therefore be subject to certain federal regulations. For example, some of the intellectual property rights licensed to us under the SUNY agreement and which are relevant to taxane containing NDCs such as CRLX301 may have been generated using United States government funds. As a result, the United States government may have certain rights to intellectual property embodied in CRLX301 pursuant to the Bayh-Dole Act of 1980. These United States government rights in certain inventions developed under a government-funded program include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the United States government has the right to require us to grant exclusive, partially exclusive, or non-exclusive licenses to any of these inventions to a third party if it determines that: (i) adequate steps have not been taken to commercialize the invention; (ii) government action is necessary to meet public health or safety needs; or (iii) government action is necessary to meet requirements for public use under federal regulations (also referred to as "march-in rights"). The United States government also has the right to take title to these inventions if we fail to disclose the invention to the government and fail to file an application to register the intellectual property within specified time limits. In addition, the United States government may acquire title to these inventions in any country in which a patent application is not filed within specified time limits. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources. In addition, the United States government requires that any products embodying the subject invention or produced through the use of the subject invention be manufactured substantially in the United States. The manufacturing preference requirement can be waived if the owner of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible. This preference for United States manufacturers may limit our ability to contract with non-U.S. product manufacturers for products covered by such intellectual property.

We currently do not plan to apply for additional United States government funding, but if we do, and we discover compounds or drug candidates as a result of such funding, intellectual property rights to such discoveries may be subject to the applicable provisions of the Bayh-Dole Act.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology and pharmaceutical industries. We may become party to, or be threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference or derivation proceedings before the USPTO. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future.

If we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

We may be subject to claims by third parties asserting that we or our employees have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Many of our employees were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

In addition, while it is our policy to require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in timely obtaining such an agreement with each party who in fact develops intellectual property that we regard as our own. Even if timely obtained, such agreements may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we fail in prosecuting or defending any such claims, we may lose valuable intellectual property rights or personnel, in addition to paying monetary damages. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to management.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise our ability to compete in the marketplace.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patents for some of our technology and product candidates, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. Even if we are successful in prosecuting such claims, any remedy awarded may be insufficient to fully compensate us for the improper disclosure or misappropriation. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

Risks Related to Regulatory Approval of Our Product Candidates and Other Legal Compliance Matters

Even if we complete the necessary clinical trials, the marketing approval process is expensive, time consuming and uncertain and may prevent us from obtaining approvals for the commercialization of some or all of our product candidates. If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

Our product candidates and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by the EMA and similar regulatory authorities outside the United States. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. Our product candidates are in the early stages of development and are subject to the risks of failure inherent in drug development. We have not received approval to market any of our product candidates from regulatory authorities in any jurisdiction. We have only limited experience in conducting and managing the clinical trials, and in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third party CROs to assist us in this process. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. Our product candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. New cancer drugs frequently are indicated only for patient populations that have not responded to

an existing therapy or have relapsed. If any of our product candidates receives marketing approval, the accompanying label may limit the approved use of our drug in this way, which could limit sales of the product.

The process of obtaining marketing approvals, both in the United States and abroad, is expensive, may take many years if additional clinical trials are required, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is insufficient for approval and require additional preclinical, clinical or other studies. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

If we experience delays in obtaining approval or if we fail to obtain approval of our product candidates, the commercial prospects for our product candidates may be harmed and our ability to generate revenues will be materially impaired. For example, if the regulatory landscape in the United States, Europe or Asia shifts unexpectedly, it may adversely affect the feasibility of study arms, standards of care or statistical assumptions currently reflected in our clinical development plans for CRLX101, potentially delaying the development of CRLX101 in a particular indication and increasing the time required to obtain marketing approval for CRLX101.

Failure to obtain marketing approval in international jurisdictions would prevent our product candidates from being marketed abroad.

In order to market and sell our products in the European Union and many other jurisdictions, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, it is required that the product be approved for reimbursement before the product can be approved for sale in that country. We may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. We may not be able to file for marketing approvals and may not receive necessary approvals to commercialize our products in any market.

Even if we obtain marketing approval for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we manufacture and market our products, which could materially impair our ability to generate revenue.

Once marketing approval has been granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulation governing the labeling, packaging, storage and promotion of the product and record keeping and submission of safety and other post-market information.

We must comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved.

In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive FDA requirements, including ensuring that quality control and manufacturing procedures conform to cGMPs, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We and our contract manufacturers could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMPs.

Accordingly, assuming we receive marketing approval for one or more of our product candidates, we and our contract manufacturers will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control.

If we are not able to comply with post-approval regulatory requirements, we could have the marketing approvals for our products withdrawn by regulatory authorities and our ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. Further, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

Any product candidate for which we obtain marketing approval could be subject to post-marketing restrictions or withdrawal from the market and we may be subject to substantial penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products, when and if any of them are approved.

Any product candidate for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, including the requirement to implement a risk evaluation and mitigation strategy. New cancer drugs frequently are indicated only for patient populations that have not responded to an existing therapy or have relapsed. If any of our product candidates receives marketing approval, the accompanying label may limit the approved use of our drug in this way, which could limit sales of the product.

The FDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product. The FDA and other agencies, including the Department of Justice, closely regulate the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding off-label use and if we market our products for unapproved indications, we may be subject to enforcement action for off-label marketing. Violations of the FDA and other statutes, including the False Claims Act, relating to the promotion and advertising of prescription drugs may lead to investigations alleging violations of federal and state health care fraud and abuse laws, as well as state consumer protection laws.

In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- litigation involving patients taking our products;
- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- suspension of any ongoing clinical trials;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- damage to relationships with any potential collaborators;
- unfavorable press coverage and damage to our reputation;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Non-compliance by us or any future collaborator with regulatory requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties. Similarly, failure to comply with regulatory requirements regarding the protection of personal information can also lead to significant penalties and sanctions.

Our relationships with customers and third party payors will 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 third party payors will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our future arrangements with third party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- the federal False Claims Act imposes criminal and civil penalties, including civil whistleblower or qui tam actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented false or fraudulent claims for payment by a federal government program, or making a false statement or record material to payment of a false claim or avoiding, decreasing or concealing an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program and also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services;
- federal law requires applicable manufacturers of covered drugs to report payments and other transfers of value to physicians and teaching hospitals;
- the federal transparency requirements under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively the PPACA, requires manufacturers of drugs, devices, biologics and medical supplies to report to the Department of Health and Human Services information related to physician payments and other transfers of value and physician ownership and investment interests; and
- analogous state laws and regulations such as state anti-kickback and false claims laws and analogous non-U.S. fraud and abuse laws and regulations, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures.

Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures. State and non-U.S. laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations 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 laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion of products from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Current 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 non-U.S. 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 product candidates for which we obtain marketing approval. Third-party payors are increasingly challenging the prices charged for medical products and services and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. If these third-party payors do not consider our products, if approved, to be cost-effective compared to other available therapies, they may not cover our product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to realize a meaningful return on our investment. The United States government, state legislatures and non-U.S. governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. Adoption of such controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for our products, if approved.

As a result, the marketability of our products, if approved, could suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, an increasing emphasis on managed care in the United States has increased and will continue to increase the pressure on drug pricing. Coverage policies, third-party reimbursement rates and drug pricing regulation may change at any time. Even if favorable coverage and reimbursement status is attained for one or more of our products that receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or the MMA, 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 MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates. Therefore, any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

More recently, in March 2010, President Obama signed into law the PPACA, a sweeping law intended 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 the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms.

Among the provisions of the PPACA of importance to our potential product candidates are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents;
- expansion of healthcare fraud and abuse laws, including the False Claims Act and the Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices;
- extension of manufacturers' Medicaid rebate liability;
- expansion of eligibility criteria for Medicaid programs;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
- new requirements to report financial arrangements with physicians and teaching hospitals;
- a new requirement to annually report drug samples that manufacturers and distributors provide to physicians; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

In addition, other legislative changes have been proposed and adopted since the PPACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, starting in 2013. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several

providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding.

We expect that the PPACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the United States Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenues from the sales of our products, if any.

In some countries, particularly the countries of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed, possibly materially.

Our employees may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, which could cause significant liability for us and harm our reputation.

We are exposed to the risk of employee fraud or other misconduct, including intentional failures to comply with FDA regulations or similar regulations of comparable non-U.S. regulatory authorities, provide accurate information to the FDA or comparable non-U.S. regulatory authorities, comply with manufacturing standards we have established, comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable non-U.S. regulatory authorities, report financial information or data accurately or disclose unauthorized activities to us. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, standards or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant fines or other sanctions.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Risks Related to Employee Matters and Managing Growth

We are in a period of transition following the appointment of our new president and chief executive officer.

On March 20, 2015, our board of directors appointed Christopher D.T. Guiffre as our President and Chief Executive Officer and elected him as a director, effective immediately. We anticipate that we will experience a transitional period as Mr. Guiffre becomes fully integrated into his new role.

Paul A. Friedman, M.D., a member of our board of directors, was appointed Executive Chairman of our board effective October 29, 2014 and we anticipate that he will continue in that role for a temporary period.

If Mr. Guiffre unexpectedly ceases to fulfill his responsibilities, our business, financial condition, and results of operations could be materially and adversely affected. Moreover, we cannot provide any assurance that this transitional period will not result in a disruption that adversely impacts our business and employee morale.

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 scientific, business development and clinical expertise of our management, scientific and clinical teams. The loss of this expertise could impede the achievement of our goals. Any of our employees may terminate their employment with us at any time. We do not maintain "key person" insurance for any of our executives or other employees.

Recruiting and retaining qualified scientific, clinical, manufacturing finance and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees, including finance personnel, may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. 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.

We expect to expand our development and regulatory capabilities and potentially implement sales, marketing and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of drug development, regulatory affairs and, if any of our product candidates receives marketing approval, sales, marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

We entered into a new lease dated as of July 9, 2015 and are relocating our operations to Waltham, Massachusetts. The process of relocating our facilities could disrupt our operations, adversely affect our business and damage employee morale. In addition, the new location may adversely affect employee retention and recruiting.

We entered into a new lease dated as of July 9, 2015 with AstraZeneca Pharmaceuticals Limited Partnership for approximately 22,992 square feet at the BioHub at 35 Gatehouse Drive in Waltham, Massachusetts. The term of the new lease commences on December 28, 2015 and expires on February 28, 2021. The lease for our laboratory and office space in Cambridge, Massachusetts expires on February 29, 2016. We expect to complete our relocation to Waltham by January 2016. The relocation process is underway

and it could disrupt our operations, adversely affect our business and damage employee morale. In addition, our new location in Waltham may adversely affect employee retention or recruitment.

Risks Related to our Common Stock

The market price of our common stock has been and may in the future be volatile and fluctuate substantially.

Our stock price has been and may in the future be volatile. From April 10, 2014 to June 30, 2015, the sale price of our common stock as reported by the NASDAQ Global Market ranged from a high of $10.87 per share to a low of $3.35 per share. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market price for our common stock may be influenced by many factors, including:

- actual or anticipated results from, and any delays in, our clinical trials, including the ongoing and any new ISTs of CRLX101, our ongoing and planned Phase 2 and Phase 3 clinical trials of CRLX101 or our Phase 1 clinical trial of CRLX301, as well as results of regulatory reviews relating to the approval of our product candidates;
- the results of our efforts to discover, develop, acquire or in-license additional product candidates or products;
- failure or discontinuation of any of our development programs;
- the level of expenses related to any of our product candidates or clinical development programs;
- commencement or termination of any collaboration or licensing arrangement;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures and capital commitments;
- additions or departures of key scientific or management personnel;
- variations in our financial results or those of companies that are perceived to be similar to us;
- new products, product candidates or new uses for existing products introduced or announced by our competitors, and the timing of these introductions or announcements;
- results of clinical trials of product candidates of our competitors;
- general economic and market conditions and other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies;
- regulatory or legal developments in the United States and other countries;
- changes in the structure of healthcare payment systems;
- conditions or trends in the biotechnology and biopharmaceutical industries;
- actual or anticipated changes in earnings estimates, development timelines or recommendations by securities analysts;
- announcement or expectation of additional financing efforts;
- sales of common stock by us or our stockholders in the future, as well as the overall trading volume of our common stock; and
- the other factors described in this “Risk Factors” section.

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

Our executive officers and directors and their affiliates own a significant percentage of our stock and will be able to exercise significant influence over matters submitted to stockholders for approval.

We believe that as of June 15, 2015, our executive officers and directors and their affiliates will beneficially own 27.4% of our outstanding common stock. As a result, if these stockholders were to choose to act together, they would be able to exert a significant degree of influence over matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would substantially influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets.

This concentration of ownership could:

- delay, defer or prevent a change in control;
- entrench our management or board of directors; or
- impede a merger, consolidation, takeover or other business combination involving us that other stockholders may desire.

An active trading market for our common stock may not be sustained.

Although we have listed our common stock on The NASDAQ Global Market, an active trading market for our shares may not be sustained. In the absence of an active trading market for our common stock, it may be difficult for our stockholders to sell their shares without depressing the market price for the shares or sell their shares at or above the prices at which they acquired their shares or sell their shares at the times they would like to sell. An inactive trading market for our common stock may also impair our ability to raise capital to continue to fund our operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

A significant portion of our total outstanding shares may be sold into the public market at any point, which could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. Our outstanding shares of common stock may be freely sold in the public market at any time to the extent permitted by Rules 144 and 701 under the Securities Act of 1933, as amended, which we refer to as the Securities Act, or to the extent such shares have already been registered under the Securities Act and are held by non-affiliates of ours.

As of June 15, 2015, there were 2,660,426 shares subject to outstanding options. In August 2014, we registered all of these shares under the Securities Act of 1933, as amended, on a registration statement on Form S-8. These shares can be freely sold in the public market upon exercise, as permitted by any applicable vesting requirements, except to the extent they are held by our affiliates, in which case such shares will become eligible for sale in the public market as permitted by Rule 144 under the Securities Act. Furthermore, as of June 15, 2015, there were 300,564 shares subject to outstanding warrants to purchase common stock. These shares will become eligible for sale in the public market, to the extent such warrants are exercised, as permitted by Rule 144 under the Securities Act. Moreover, holders of approximately 6.9 million shares of our common stock have rights, subject to conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

We have broad discretion in the use of our cash reserves and may not use them effectively.

Our management has broad discretion to use our cash reserves and could use our cash reserves in ways that do not improve our results of operations or enhance the value of our common stock. The failure by our management to apply these funds effectively could result in financial losses and these financial losses 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 may invest our cash reserves in a manner that does not produce income or that loses value.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and may remain an emerging growth company through 2019. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- providing only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We may choose to take advantage of some, but not all, of the available exemptions. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we are subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We are currently incurring and expect to continue to incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a newly public company, we are incurring and expect to continue to incur additional significant legal, accounting and other expenses that we did not incur as a private company. We expect that these expenses will further increase after we are no longer an "emerging growth company." We expect that we will need to hire additional accounting, finance and other personnel in connection with our continuing efforts to comply with the requirements of being a public company, and our management and other personnel will need to continue to devote a substantial amount of time towards maintaining compliance with these requirements. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the Securities and Exchange Commission and NASDAQ have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we will be required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

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

We have never declared or paid cash dividends on our capital stock. We currently plan to retain all of our future earnings, if any, to finance the growth and development of our business. Furthermore, the terms of the Hercules Loan Agreement prohibit us from paying any dividends without the prior written consent of Hercules, and any future debt agreements may also preclude us from paying dividends. Accordingly, capital appreciation, if any, of our common stock will be the sole source of gain for our stockholders for the foreseeable future.

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

Provisions in our certificate of incorporation, our bylaws or Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions might 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. Among other things, these provisions:

- establish a classified board of directors such that all members of the board are not elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for nominations for election to the board or for proposing matters that can be acted on at stockholder meetings;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call a special meeting of stockholders;
- authorize our board to issue preferred stock 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; and
- require the approval of the holders of at least 75% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

In addition, we are governed by Section 203 of the Delaware General Corporation Law, which prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. This could discourage, delay or prevent someone from acquiring or merging with us, whether or not it is desired by, or beneficial to, our stockholders.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. In addition, if one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Use of Proceeds

We completed the initial public offering of our common stock pursuant to a Registration Statement on Form S-1 (File No. 333-194442), which was declared effective by the SEC on April 10, 2014. The net offering proceeds to us, after deducting underwriting discounts and commissions and offering expenses, were approximately $59.9 million.

As of June 30, 2015, we have used approximately $25.2 million of the net proceeds from our IPO, primarily to fund the clinical development of CRLX101, to fund research and development of CRLX301 and for working capital and other general corporate purposes. We have invested the balance of the net proceeds from the offering in a variety of capital preservation investments, including short-term, investment grade, interest bearing instruments and U.S. government securities in accordance with our investment policy. There has been no material change in our planned use of the net proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act.

Item 6. Exhibits.

The exhibits listed in the Exhibit Index to this Quarterly Report on Form 10-Q are incorporated herein by reference.

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.

CERULEAN PHARMA INC.

Date: August 6, 2015

By: /s/ Christopher D.T. Guiffre

Christopher D.T. Guiffre
President and Chief Executive Officer
(principal executive officer)

Date: August 6, 2015

By: /s/ Gregg Beloff

Gregg Beloff
Interim Chief Financial Officer
(principal financial officer)

EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Incorporated by Reference			Exhibit Number	Filed Herewith
		Form	File Number	Date of Filing		
10.1	Lease, dated July 9, 2015, between the Registrant and AstraZeneca Pharmaceuticals Limited Partnership					X
10.2	Consulting Agreement, dated May 27, 2015, between the Registrant and Danforth Advisors LLC					X
10.3	Transition and Separation Agreement, dated May 26, 2015, between the Registrant and Karen L. Roberts					X
31.1	Certification of principal executive officer pursuant to Rule 13a 14(a)/15d 14(a) of the Securities Exchange Act of 1934, as amended					X
31.2	Certification of principal financial officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended					X
32.1	Certification of principal executive officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of principal financial officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document*					X
101.SCH	XBRL Taxonomy Extension Schema Document*					X
101.CAL	XBRL Taxonomy Calculation Linkbase Document*					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*					X
101.LAB	XBRL Taxonomy Label Linkbase Document*					X
101.PRE	XBRL Taxonomy Presentation Linkbase Document*					X

* Submitted electronically herewith

EXHIBIT 10.1

LEASE

OF PREMISES AT 35 GATEHOUSE DRIVE,

WALTHAM, MASSACHUSETTS

FROM

ASTRAZENECA PHARMACEUTICALS LIMITED PARTNERSHIP

TO

CERULEAN PHARMA INC.

TABLE OF CONTENTS

SUMMARY OF BASIC TERMS

OFFICE LEASE

OF PREMISES AT 35 GATEHOUSE DRIVE,

WALTHAM, MASSACHUSETTS

TO

CERULEAN PHARMA INC.

DATED AS OF JULY 9, 2015

The following is a summary of certain basic terms of this Lease which is intended for the convenience and reference of the parties. Capitalized terms used, but not defined, in this Summary of Basic Terms, have their defined meanings in this Lease. In addition, some of the following items or terms are incorporated into this Lease by reference to the item or term or to this "Summary of Basic Terms".

1. Landlord: **ASTRAZENECA PHARMACEUTICALS LIMITED PARTNERSHIP**

2. Tenant: **CERULEAN PHARMA INC.**

3A. Premises: Approximately 22,992 square feet of rentable space located in Landlord's Property as follows:

- 12,147 square feet of rentable office space located in Building D on Level 2 ("D2")
- 9,092 square feet of rentable laboratory space located in Building C on Level 3 ("C3"); and
- 1,753 square feet of rentable space located in the vivarium and associated vivarium support space in Building C on Level 2 ("C2"),

all as depicted on the floor plans attached hereto as Exhibit C.

3B. Landlord's Property: The real property with the Building and any other improvements now or hereafter thereon, commonly known as 35 Gatehouse Drive, Waltham, Massachusetts, as described on Exhibit A and depicted on Exhibit B.

3C. Leasable Square Footage of the Premises: (which includes a proportionate share of the Common Areas of the Building): 22,992 rentable square feet. Additionally, Tenant shall have the right to use during the term hereof the Landlord's work stations and furniture (e.g. desks, chairs and bookcases) presently located in the Premises without warranty or representation as to their usage, fitness or condition. The Landlord shall have no obligation to maintain, replace or repair said furniture. The aforesaid furniture shall

remain the property of the Landlord and returned at the end of the Lease term in the same condition as delivered to Tenant, reasonable wear and tear and casualty excepted.

3D. Leasable Square Footage of the Building: An agreed upon 297,576 rentable square feet, subject to future adjustment in the event that the Common Areas of the Building are expanded or reconfigured.

3E. Landlord's Equipment: The equipment owned by Landlord and located in the Premises on the date of Landlord's delivery of the Premises to Tenant. A complete itemization of Landlord's Equipment will be agreed upon and listed on an exhibit to this Lease within thirty (30) days after the Term Commencement Date, provided in all events that Landlord's Equipment shall include the equipment noted in Schedule 3E attached hereto.

4. Tenant Improvement Allowance: None. Tenant shall be responsible for and pay for its own Tenant improvements including, without limitation, for all telephone, data wiring and equipment installation throughout the Premises and for connection to the main demarcation room from local exchange carriers, domestic water distribution within the Premises, hot water requirements, safety equipment, laboratory waste removal and office cleaning.

5A. Lease Term: An approximately five (5) year and two (2) month period commencing on the Term Commencement Date and ending on February 28, 2021.

5B. Right of Extension: Tenant shall have the right to extend the Lease Term for one (1) three (3) year term in accordance with Section 2.4(b).

6. Permitted Use: General business offices, scientific research and development laboratory, vivarium and uses customarily accessory thereto.

7. Tenant's Parking Allocation: fifty-eight (58) unassigned parking spaces (2.5 spaces per 1,000 leasable square feet of the Premises), subject to the provisions of Section 2.3.

8. Base Rent: The Base Rent for the Initial Term shall be as set forth in the chart below:

Period	Base Rent per rsf	Annual Base Rent	Monthly Base Rent
Lease Years 1 and 2	$ 30.00	$ 689,760.00	$ 57,480.00
Lease Year 3	$ 32.50	$ 747,240.00	$ 62,270.00
Lease Year 4	$ 34.50	$ 793,224.00	$ 66,102.00
Lease Year 5	$ 36.50	$ 839,208.00	$ 69,934.00

As used above, a "Lease Year" shall mean a twelve (12) calendar month period, where each successive Lease Year following Lease Year 1 shall commence on each anniversary of the Rent Commencement Date.

The Base Rent for the Extension Term, if any, will be Fair Market Rent (as defined in Section 4.7 below), but in no event less than the Base Rent for the Lease Year immediately prior to such Extension Term.

9A. Additional Rent: Tenant's Tax Escalation, Tenant's Operating Cost Escalation and/or Tenant's Electricity Costs and all other sums (other than Base Rent) payable by Tenant to Landlord under this Lease.

9B. Tenant's Tax Escalation: Tenant's Share of Taxes for any Tax Fiscal Year occurring in whole or in part during the Lease Term; payable monthly in equal installments. Tenant's Tax Escalation for fiscal year 2015 is estimated to be approximately $8.09 per rentable square foot

9C. Tenant's Operating Cost Escalation: Tenant's Share of the Operating Costs for any calendar year occurring whole or in part during the Lease Term; payable monthly in equal installments. Tenant's Operating Cost Escalation for fiscal year 2015 is estimated to be approximately $9.63 per rentable square foot.

9D. Tenant's Electricity Costs: Tenant shall pay the costs for electricity for lights and plugs and HVAC service provided to the Premises in accordance with Sections 4.5 and 7.2 ("Tenant's Electricity Costs"). If not separately metered or sub-metered, Tenant will pay its pro-rata costs monthly as reasonably allocated by the Landlord pursuant to an articulated standard uniformly applied to all the tenants in the Building.

10. Heat and Utilities: Tenant shall be responsible for contracting directly with the utility providers for all utility service to the Premises, including, without limitation, all utilities necessary to provide HVAC service to the Premises. If not separately metered, Tenant will pay its pro-rata costs monthly as allocated by the Landlord.

11. Brokers: Transwestern RBJ.

12A. Tenant's Address For Notices, Telephone Number, Fax Number and Taxpayer Identification No.:

Until the Term Commencement Date:
(i) Cerulean Pharma Inc.
840 Memorial Drive, 5th Floor
Cambridge, MA 02139
Attn: Senior Vice President, Finance and Administration
And thereafter at the Premises to the attention of the same officer
(ii) with a copy to the same address as above to the attention of the General Counsel, and
(iii) with a copy to:
Paul C. Bauer, Esq.
Bowditch & Dewey, LLP
175 Crossing Boulevard, Suite 500,
Framingham, MA 0170

Tenant F.I.D. #20-4139823

12B. Landlord's Address for Notices:

AstraZeneca Pharmaceuticals LP
c/o MedImmune, LLC
One MedImmune Way
Gaithersburg, MD 20878
Attn: Cory Matthews / Global Real Estate

With a copy to:

AstraZeneca Pharmaceuticals LP
1800 Concord Pike
Wilmington, DE 19803
Attn: General Counsel

with a copy to:

Burton Winnick, Esquire
McCarter & English, LLP
265 Franklin Street
Boston, MA 02110

12C. Landlord's Address for Payment of Rent:

AstraZeneca LP
c/o Transwestern
PO Box 343030
Bethesda, MD 20827-3030

13. Security Deposit: $229,920.00 (Two Hundred Twenty-Nine Thousand Nine Hundred and Twenty and no/100 Dollars).

LEASE

THIS LEASE (this "Lease"), made as of the 9th day of July, 2015, by **ASTRAZENECA PHARMACEUTICALS LIMITED PARTNERSHIP**, a Delaware limited partnership, and **CERULEAN PHARMA INC.** , a Delaware corporation, is as follows.

W I T N E S S E T H:

ARTICLE I.
CERTAIN DEFINITIONS

In addition to the words and terms defined elsewhere in this Lease, the following words and terms shall have in this Lease the meanings set forth in this Article (whether or not underscored):

"Additional Rent" means (a) Tenant's Tax Escalation, (b) Tenant's Operating Cost Escalation and (c) Tenant's Electricity Costs and (d) all other sums (other than Base Rent) payable by Tenant to Landlord hereunder.

"Bankruptcy Law" means any existing or future bankruptcy, insolvency, reorganization, dissolution, liquidation or arrangement or readjustment of debt law or any similar existing or future law of any applicable jurisdiction, or any laws amendatory thereof or supplemental thereto, including, without limitation, the United States Bankruptcy Code of 1978, as amended (11 U.S.C. Section 101 et seq.), as any or all of the foregoing may be amended or supplemented from time to time.

"Base Rent" has the meaning set forth in Item 8 of the Summary of Basic Terms.

"Broker" has the meaning set forth in Item 11 of the Summary of Basic Terms.

"Building" means the office and laboratory building located on Landlord's Property and shown on the Site Plan.

"Business Hours" means Monday through Friday, 8:00 a.m. to 6:00 p.m. and Saturdays 8:00 a.m. to 1:00 a.m., except holidays. The term "holiday" means the federal day of celebration of the following holidays: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving, Christmas and any other weekday on which banks in the City of Boston, Massachusetts, are closed or required to be closed.

"Common Areas" means all areas of Landlord's Property, as designated by Landlord from time to time, located inside or outside of the Building, which are not intended for the use of a single tenant and which are intended for (i) the non-exclusive common use of Landlord, Tenant and other tenants of portions of Landlord's Property and their respective employees, agents, licensees and invitees and/or (ii) to serve the Building and/or Landlord's Property. Common Areas include, without limitation, the lobby of the Building, common restroom facilities and stairwells of the Building, sidewalks, unreserved Parking Areas, access drives, landscaped areas, utility rooms, storage rooms, and utility lines and systems and the Common Facilities.

"Common Facilities" means those facilities located on Landlord's Property which Landlord designates from time to time as "common facilities", including, but not limited to, building systems, passenger elevators, materials dumb-waiters, pipes, ducts, wires, conduits, meters, HVAC equipment and systems, electrical systems and equipment and plumbing lines and facilities, showers, conference rooms, auditorium and video/telephone conferencing meeting facilities.

"Environmental Law" means the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et

seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1802 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Clean Water Act, 33 U.S.C. §1321 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Massachusetts Oil and Hazardous Material Release Prevention and Response Act, Chapter 21E of the Massachusetts General Laws, all regulations promulgated thereunder, and any other federal, state, county, municipal, local or other statute, law, ordinance or regulation (including any state or local board of health rules, regulation, or code), or any common law (including common law that may impose strict liability or liability based on negligence), which may relate to or deal with human health, the environment, natural resources, or Hazardous Materials, all as may be from time to time amended or modified.

"Event of Default" has the meaning given in Section 12.1.

"Extension Term" has the meaning given in Section 2.4(b).

"Generic Drug" means (i) a drug product that is comparable to brand/reference listed drug product in dosage form, strength, route of administration, quality and performance characteristics, and intended use, (ii) any drug manufactured, marketed or sold under its chemical name without advertising and/or (iii) any drug manufactured, marketed or sold under an Adopted Name assigned by the United States Adopted Names Council.

"Hazardous Materials" or "Hazardous Substances" means, at any time, (a) any "hazardous substance" as defined in §101(14) of CERCLA (42 U.S.C. §9601(14)) or regulations promulgated thereunder; (b) any "solid waste," "hazardous waste," or "infectious waste," as such terms are defined in any Environmental Law at such time; (c) asbestos, urea-formaldehyde, polychlorinated biphenyls ("PCBs"), bio-medical materials or waste, nuclear fuel or material, chemical waste, radioactive material, explosives, known carcinogens, petroleum products and by-products and other dangerous, toxic or hazardous pollutants, contaminants, chemicals, materials or substances which may be hazardous to human or animal health or the environment or which are listed or identified in, or regulated by, any Environmental Law; and (d) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under any Environmental Law.

"Initial Term" means the period beginning at 12:01 a.m. on the Term Commencement Date and ending at 11:59 p.m. on February 28, 2021.

"Insurance Costs" includes the cost of insuring the entire Landlord's Property, including without limitation the buildings and improvements now or hereafter situated thereon, and all operations conducted in connection therewith, with such policies, coverages and companies and in such limits as may be reasonably selected by Landlord in light of the practices of similarly situated commercial landlords of comparable properties in the City of Waltham, Massachusetts (and/or which may be required by Landlord's lenders), including, but not limited to, fire insurance with extended or with all-risk coverage, comprehensive general liability (including products liability) insurance covering personal injury, deaths and property damage with a personal injury endorsement covering false arrest, detention or imprisonment, malicious prosecution, libel and slander, and wrongful entry or eviction, rent loss or business interruption insurance earthquake insurance, Ordinance and Law insurance, terrorism insurance, worker's compensation insurance, plate glass insurance, contractual liability insurance, boiler insurance, and fidelity bonds.

"Invitees" means employees, workers, visitors, guests, customers, suppliers, agents, contractors, representatives, licensees and other invitees.

"Laboratory Premises" means all parts of the Premises other than such portions located in D2.

"Land" means the land located at 35 Gatehouse Drive, Waltham, Massachusetts more particularly described in Exhibit A and which is depicted on the Site Plan.

"Landlord" means AstraZeneca Pharmaceuticals Limited Partnership, its successors and assigns.

"Landlord's Property" means the Land, the Building and all present or future appurtenances and/or improvements to the Land and/or the Building.

"Leasable Square Footage of the Building" has the meaning set forth in Item 3D of the Summary of Basic Terms.

"Leasable Square Footage of the Premises" has the meaning set forth in Item 3C of the Summary of Basic Terms.

"Lease Term" means the Initial Term and, if Tenant timely and properly exercises its right to extend pursuant to Section 2.4(b), the Extension Term(s).

"Legal Requirements" means all applicable laws, statutes, rules, regulations and requirements of governmental authorities, including, but not limited to, zoning laws, building codes and the Americans with Disabilities Act of 1990 and any amendments thereto, regulations and ordinances in connection therewith ("ADA").

"Office Premises" means the portion of the Premises located in D2.

"Operating Costs" means all costs, expenses and disbursements of every kind and nature (except Taxes) which Landlord shall pay or become obligated to pay in connection with owning, operating, managing, insuring, maintaining, repairing or replacing Landlord's Property, all as reasonably and in good faith determined by Landlord. For purposes of determining the Operating Costs, for any calendar year for which the Building is less than 95% occupied, the Operating Costs for such calendar year shall be equitably adjusted to reflect the amount they would have been if the Building had been 95% occupied for such calendar year. In no event shall the provisions of this section entitle Landlord to collect from Tenant more than Tenant's Share of 100% of Operating Costs actually incurred. Operating Costs shall include, by way of illustration, but not be limited to: all Insurance Costs; all charges payable by Landlord in connection with the performance of Landlord's maintenance and repair obligations with respect to Landlord's Property; all charges payable by Landlord to provide janitorial service to Landlord's Property; all charges payable by Landlord to provide heating, ventilating and air conditioning services to the Building; all charges payable by Landlord to provide utility services to Landlord's Property (except Tenant's Electricity Costs or other similar electricity charges payable by other tenants); all costs related to trash, debris and refuse removal; all costs related to removal of snow and ice; all costs of pest and vermin control for the Common Areas; all costs of providing, maintaining, repairing and replacing of paving, curbs, walkways, landscaping, planters, roofs, walls, drainage, utility lines, security systems and other equipment; all costs of painting the exterior and Common Areas of the Building; all costs of repaving, resurfacing and restriping Parking Areas and drives; all costs of lighting, cleaning, waterproofing, repairing and maintaining Common Areas, Common Facilities and other portions of Landlord's Property; the net cost to Landlord of providing food service as provided in Section 6.1(h); all costs of licenses, permits and inspection fees; all legal, accounting, inspection and consulting fees related to Landlord's Property that are not specifically excluded herein; all costs of capital repairs and replacements to the Building or Common Areas, amortized over their expected useful life based upon and including a market rate of interest not to exceed eight percent (8%) per annum (subject to the limitation described below); all costs of wages, salaries and benefits of operating personnel, including welfare, retirement, vacations and other compensation and fringe benefits and payroll taxes for employees at or below the level of Building manager (provided that if any employee performs services in connection with the Building and other buildings, costs associated with such employee shall be proportionately included in Operating Costs based on the percentage of time such employee spends in connection with the operation, maintenance and management of the Building); management fees equal to 3% of gross rental revenues derived from Landlord's Property (which management fees may be payable to an affiliate of Landlord); and all materials and supplies, including charges for telephone, overnight

courier, postage, stationery, supplies and other materials and expenses required for the routine operation of the management office. However, notwithstanding the above, the following specific items shall not be included: (a) the cost of alterations to space in the Building leased to others; (b) debt service and ground rent payments, including ground lease payments and points, commissions and legal fees associated with financing; (c) any cost or expenditure for which Landlord is entitled to reimbursement by insurance proceeds or eminent domain proceeds, whether or not Landlord is actually reimbursed; (d) costs for which Landlord is entitled to reimbursement under warranties provided to Landlord by contractors who have warranty obligations, whether or not Landlord is actually reimbursed; (e) costs in connection with leasing space in Landlord's Property, including brokerage commissions, lease concessions, rental abatements and construction allowances granted to specific tenants, attorneys' fees and collection costs related to negotiation and enforcement of tenant leases; (f) the cost of providing electrical service (lights and plugs) to space leased to tenants; (g) expenses which are billed directly, or reasonably allocable exclusively, to any tenant of the Building; (h) salaries and bonuses other than as expressly included in Operating Costs as set forth above; (i) the cost of any work or service performed on an extra-cost basis for any tenant of the Building; (j) capital expenditures, except for the amortization of capital expenditures (over their expected useful life based upon and including a market rate of interest not to exceed eight percent (8%) per annum) which (1) are required by laws which first become effective or applicable to Landlord's Property after the Term Commencement Date, (2) are reasonably projected to achieve a savings in total Operating Costs over the Lease Term; or (3) are for repair or replacement of existing elements of Landlord's Property; (k) the cost of any additions or improvements to the Building or Landlord's Property; (l) depreciation, other than the amortization of capital improvements hereafter made as provided above; (m) costs incurred in connection with the actual or contemplated sale, financing or refinancing of Landlord's Property; syndicating selling or changing ownership interest of the Building, including brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges incurred in such transaction; (n) fines, costs, interest and/or penalties incurred due to the late payment of Taxes or Operating Costs, or any failure of Landlord to timely pay any obligation; (o) organizational expenses associated with the creation and operation of the entity that constitutes Landlord (as distinguished from the costs of Building operations) including, but not limited to, Landlord's or Landlord's property manager's general corporate overhead or general administrative expenses; (p) advertising and promotional costs including tenant relation programs and events; (q) Landlord's gross receipts taxes, personal and corporate income taxes, inheritance and estate taxes, other business taxes and assessments, franchise, gift and transfer taxes; (r) any costs, fees, dues, contributions or similar expenses for political, charitable, industry association or similar organizations; (s) costs incurred in connection with the original design and construction of the Building or Landlord's Property, and the repair of damage to the Building or Landlord's Property in connection with any type of casualty, event of damage or destruction or condemnation (other than the amount of any deductible payable by Landlord under any property insurance policy on Landlord's Property, which amount shall be included in Operating Costs); (t) costs incurred in connection with upgrading the Building or Landlord's Property to comply with insurance requirements, or life safety codes, ordinances, statutes, and any other requirements of any governmental authority or other laws in effect and applicable to Landlord's Property prior to the Term Commencement Date, including without limitation the ADA, including penalties or damages incurred as a result of non-compliance; (u) reserves of any kind; (v) any penalties or damages that Landlord pays to Tenant under this Lease or to other tenants of Landlord's Property under their respective leases; (w) any costs, fines, or penalties incurred due to violations by Landlord of any governmental rule or authority; (x) legal fees, accountant fees and other expenses incurred in disputes with other former, current or future tenants or occupants of Landlord's Property, or associated with the enforcement of any other leases of space in the Landlord's Property, or the defense of Landlord's title to or interest in the Building, Landlord's Property or any part thereof; (y) services or installations available to any tenant in Landlord's Property that are not also furnished to Tenant; (z) the cost of any service provided to Tenant or other occupants of Landlord's Property for which Landlord is entitled to reimbursement (other than by a general reimbursement of operating expenses), whether or not Landlord is actually reimbursed; (aa) any cost or expense that is expressly excluded from Operating Costs, or expressly provided to be incurred by Landlord at its sole cost and expense, pursuant to any provision of this Lease; (bb) any Operating Cost charged to another tenant of Landlord's Property that such

tenant fails to pay; (cc) insurance premiums, or increases in insurance premiums, for any insurance required by any other tenant or occupant of Landlord's Property that is not the same as or substantially equivalent to the insurance required of Landlord under this Lease; (dd) legal, mediation, arbitration, accounting and other fees and expenses incurred in disputes with the holder of any mortgage, deed of trust or other security instrument now or hereafter encumbering all or any part of Landlord's Property; (ee) any cost or expense payable to any of Landlord's affiliates or divisions, to the extent that such cost or expense is in excess of that which would be charged by an unaffiliated person or firm for the same service in Waltham, Massachusetts; (ff) costs incurred by Landlord in connection with correction of defects in design and construction of the Building or Landlord's Property; (gg) any cost or expense related to removal, cleaning, abatement or remediation of Hazardous Material in or about the Landlord's Property, including without limitation, Hazardous Substances in the ground water or soil that are not the responsibility of Tenant under this Lease; (hh) any cost or expense occasioned by or resulting from any violation of law by any other tenant or occupant of Landlord's Property or their respective Invitees, or by any person or entity other than Tenant or Tenant's Invitees; (ii) any bad debt loss, rent loss, or reserves (including, without limitation, any reserves for bad debts or rent loss); (jj) contributions to reserves for Operating Costs, including reserves for capital improvements (whether or not otherwise allocable under this Lease); (kk) contributions to political or charitable organizations; (ll) costs of repairs, restoration, replacements or other work occasioned by the adjudicated negligence or adjudicated intentional tort of Landlord, or any employee or agent of Landlord; (mm) the cost of any "tap fees" or one-time lump sum sewer or water connection fees for the Building payable in connection with the initial construction of the Building; (nn) Landlord's general overhead and administrative expenses not related to the Building; (oo) legal fees, accountants' fees and other expenses incurred in connection with disputes with Tenant or other tenants or occupants of the Building or associated with the enforcement of any lease or defense of Landlord's title to or interest in the Building or any part thereof; (pp) costs incurred due to violation by Landlord or any other tenant in the Building of the terms and conditions of any lease; and (qq) moving expense costs of tenants of the Building.

"Parking Areas" means those portions of Landlord's Property which may be used for parking as depicted on the Site Plan, as such areas may be changed by Landlord from time to time. The Parking Areas presently consist of the Parking Garage and the surface parking areas as depicted on the Site Plan. The Parking Areas will not be changed to materially and adversely impact Tenant's ingress and egress, parking rights or availability or to materially increase the distance from the Parking Areas to the Premises.

"Permitted Transferee" means (a) an entity controlling, controlled by or under common control with Tenant (a "Tenant Affiliate"), (b) an entity which succeeds to Tenant's business by merger, consolidation or other form of corporate reorganization, (c) an entity which acquires all or substantially all of Tenant's assets or stock or (d) a public offering or transfer of shares of Tenant on a stock exchange or equivalent trading system; provided that an entity may not become a Permitted Transferee through or as a part of a bankruptcy or other similar insolvency proceeding. Provided, however, the Tenant may not transfer, sublet or assign this Lease or the Premises to any individual, entity or company engaged in the Generic Drug business of any nature or description including, without limitation, the manufacture, development, sales, distribution or marketing of such products.

"Permitted Use" has the meaning set forth in Item 6 of the Summary of Basic Terms.

"Person" means any individual, partnership, joint venture, trust, limited liability company, business trust, joint stock company, unincorporated association, corporation, institution or entity, including any governmental authority.

"Premises" has the meaning set forth in Item 3A of the Summary of Basic Terms.

"Rent Commencement Date" means March 1, 2016.

"Rules and Regulations" means the rules and regulations promulgated by Landlord with respect to Landlord's Property, a copy of which is attached hereto as Exhibit D, as the same may be reasonably and in good faith modified by Landlord in a non-discriminatory manner from time to time upon notice to Tenant.

"Site Plan" means the site plan of Landlord's Property attached hereto as Exhibit B which depicts the approximate size and layout of the Land, the Building and the Parking Areas.

"Specified Number" means fifty-eight (58), subject to the provisions of Section 2.3, based on a parking ratio of 2.5 spaces per 1,000 leasable square feet of the Premises (Landlord and Tenant acknowledging that (i) the Specified Number shall increase and decrease by such ratio if and to the extent the leasable square footage increases or decreases and (ii) subject to Landlord's right to temporarily close portions of the parking areas for maintenance, repairs and construction-related matters, in no event shall the ratio of 2.5 spaces per 1,000 leasable square feet of the Premises be reduced by Landlord with respect to Tenant's parking rights under this Lease).

"Summary of Basic Terms" means the Summary of Basic Terms which is affixed to this Lease immediately after the table of contents of this Lease.

"Tax Fiscal Year" means July 1 through June 30 next following, or such other tax period as may be established by law for the payment of Taxes.

"Taxes" means (a) all taxes, assessments, betterments, water or sewer entrance fees and charges including general, special, ordinary and extraordinary, environmental, or any other charges (including charges for the use of municipal services if billed separately from other taxes), levied, assessed or imposed at any time by any governmental authority upon or against the Land, the Building, or the fixtures, signs and other improvements thereon then included in Landlord's Property and (b) all attorneys' fees, appraisal fees and other fees, charges, costs and/or expenses incurred in connection with any proceedings related to an attempt to reduce the amount of the Taxes, change the tax classification and/or reduce the assessed value of Landlord's Property, provided that such proceedings are reasonably projected to achieve a savings in total Taxes (taking into account the costs of the proceedings) over the Lease Term. This definition of Taxes is based upon the present system of real estate taxation in the Commonwealth of Massachusetts; if taxes upon rentals or any other basis shall be substituted, in whole or in part, for the present ad valorem real estate taxes, the term "Taxes" shall be deemed changed to the extent to which there is such a substitution for the present ad valorem real estate taxes. Taxes shall not include (i) any net income, capital, stock, succession, transfer, franchise, gift, estate or inheritance tax, except to the extent that such tax shall be imposed in lieu of any portion of Taxes; (ii) any item to the extent otherwise included in Operating Costs and (iii) interest and/or penalties incurred as a result of Landlord's late payment of any Taxes.

"Tenant" means Cerulean Pharma Inc., a Delaware corporation, its permitted successors and permitted assigns.

"Tenant Improvement Allowance" has the meaning set forth in Item 4 of the Summary of Basic Terms.

"Tenant's Electricity Costs" has the meaning set forth in Item 9D of the Summary of Basic Terms.

"Tenant's Share" means 7.73%, being the amount (expressed as a percentage) equal to (a) the Leasable Square Footage of the Premises divided by (b) the Leasable Square Footage of the Building (rounded to the nearest one-hundredth of one percent (0.01%).

"Term Commencement Date" means December 28, 2015.

ARTICLE II.
LEASE OF PREMISES

Section 2.1 Lease of the Premises

(a) Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, upon and subject to the terms and provisions of this Lease and all zoning ordinances, and easements, restrictions and conditions of record. Subject to all applicable Legal Requirements and Rules and Regulations, Tenant shall have access to the Premises on a seven days per week, 24 hours per day basis during the Lease Term, subject to closure where necessary or appropriate for maintenance, cleaning and repairs and those matters which are beyond Landlord's reasonable control, including but not limited to, acts of God, accidents, breakdowns, war, civil commotion, fire or other casualty, labor difficulties, governmental regulations or orders and weather conditions. In the event that it is necessary for Landlord to close the Premises for maintenance, cleaning or repairs, Landlord shall limit the closure to the minimum duration necessary to accomplish the applicable maintenance, cleaning and repairs. Except in the event of emergency Landlord shall give Tenant not less than 72 hours advance written notice of any such closure.

Section 2.2 Common Rights

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(a) The Premises are leased subject to, and with the benefit of, the non-exclusive right to use in common with others at any time entitled thereto the Common Areas and Common Facilities for all such purposes as such areas may be reasonably designated, but only in connection with the use of the Premises for the Permitted Use in accordance with the Rules and Regulations. Landlord shall have the right from time to time to designate or change the locations, size or configuration of the Common Areas, and to modify or replace the Common Facilities, and to permit expansion of construction and new construction therein; provided, however, such changes shall not have a material adverse impact on Tenant's access to, or use and enjoyment of, the Premises. Tenant shall not have the right to use those portions of the Common Areas designated from time to time by Landlord as for the temporary exclusive use of one or more other tenants, provided that such areas shall not constitute any area which this Lease specifically provides Tenant the exclusive right to use or where the temporary inability to use such Common Areas would materially adversely affect Tenant's access to, or use and enjoyment of, the Premises. Included herein at the discretion of the Landlord to use the conference center or conference rooms when not otherwise booked by the Landlord or others also entitled to use same.

Section 2.3 Parking

. Subject to the Rules and Regulations, Tenant's Invitees are authorized to park not more than the Specified Number of passenger automobiles, at any time, in the unreserved Parking Areas in common with Landlord and other tenants of Landlord's Property from time to time, on a first come, first served basis. Tenant acknowledges that not all of the Specified Number of spaces are located on Landlord's Property and agrees that, in order to use the full amount of the Specified Number, Tenant will be required to utilize spaces in the Parking Garage. In the event of a change in the Leasable Square Footage of the Premises, the Specified Number shall be adjusted pursuant to the formula used to calculate the Specified Number as of the date of the Lease. Tenant shall not (a) permit any Invitees of Tenant (other than visitors and guests) to park in spaces designated as "visitor" spaces, (b) permit any Invitees of Tenant to park in spaces designated as "reserved" spaces (unless reserved for Tenant), (c) permit the total number of passenger automobiles parked in the Parking Areas by Invitees of Tenant, at any time, to exceed the Specified Number, and (d) except for delivery trucks using designated loading and unloading facilities, permit any Invitee of Tenant to park any vehicle in the Parking Areas other than passenger automobiles. Landlord may, from time to time, designate one or more spaces as reserved for the exclusive use of one or more of the tenants and/or for Landlord's Invitees, provided the same shall not materially and adversely affect Tenant's parking rights hereunder. Subject to the Rules and Regulations, Tenant shall have non-exclusive access to two (2) loading docks located in Building E, Level 0, and to the loading dock of the main building (A00).

Section 2.4 Lease Term

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(a) The Lease Term shall commence at 12:01 a.m. on the Term Commencement Date and, unless Tenant timely and properly exercises its right to extend pursuant to Section 2.4(b) or this Lease terminates early, shall end at 11:59 p.m. on February 28, 2021.

(b) Provided that an Event of Default does not then exist, Tenant shall have the right to extend the Lease Term for one (1) period of three (3) years (the "Extension Term") by giving Landlord written notice specifying such extension, which notice must be received by Landlord not less than twelve (12) months prior to the expiration date of the Initial Term. If such extension becomes effective, the Lease Term shall be automatically extended upon the same terms and conditions as are applicable to the Initial Term, except that (x) Base Rent for the applicable Extension Term shall be as set forth in Item 8 of the Summary of Basic Terms and (y) there shall be no further right to extend or renew beyond the first Extension Term.

Section 2.5 Lease Amendment

. If, pursuant to any provision of this Lease, there is a change in any of the terms or amounts in the Summary of Basic Terms (including, without limitation, the Leasable Square Footage of the Building, the Leasable Square Footage of the Premises, Base Rent, or Tenant's Share) then in effect, Landlord and Tenant will promptly execute a written amendment to, and restatement of, the Summary of Basic Terms, substituting the changed (or confirmed) terms and recomputed amounts in lieu of each of the applicable terms and amounts then in effect which have been changed. As of the effective date of the amendment to the Summary of Basic Terms, the changed terms (and recomputed amounts) will be effective for all purposes of this Lease, and the amended and restated Summary of Basic Terms will be a part of, and incorporated into, this Lease.

Section 2.6 Landlord's Equipment

During the Lease Term, Tenant shall have a license to use, at no additional cost to Tenant, Landlord's Equipment. Tenant takes the Landlord's Equipment in "AS IS" condition, and Landlord does not warrant or make any representation, express or implied, concerning the condition, adequacy or sufficiency for Tenant's present or future purposes of the Landlord's Equipment. Landlord shall perform any maintenance, repairs or restoration that may be required to the Landlord's Equipment during the Lease Term, and Tenant shall reimburse Landlord for all costs in connection therewith within thirty (30) days following receipt of Landlord invoice. Tenant shall return the Landlord's Equipment upon the expiration or earlier termination of this Lease

in the same condition as of the Term Commencement Date, ordinary wear and tear and casualty excepted. Under no circumstances shall Tenant remove any of Landlord's Equipment from the Premises.

Section 2.7 Back-up Generator.

Tenant shall be permitted to connect its equipment located in the Premises to the back-up generator equipment serving the Building (the "Back-up Generator"), at no additional cost to Tenant, by plugging such equipment into the red electrical outlets currently located in the Premises (the "Back-up Generator Outlets"). Tenant's use of such Back-Up Generator Outlets shall be at the sole risk and hazard of Tenant and Landlord does not warrant or make any representation, express or implied, concerning the condition, adequacy or sufficiency for Tenant's present or future purposes of the Back-up Generator Outlets and/or Back-up Generator. Landlord covenants that Landlord shall use commercially reasonable efforts to maintain the Back-up Generator (or replacement back-up generator equipment with substantially the same or better specifications to the Back-Up Generator) in good working order and condition throughout the Lease Term.

Section 2.8 Flammables Storage Room.

Subject to Landlord's reasonable allocation of the same between the various tenants and occupants of Landlord's Property, Landlord shall use commercially reasonable efforts to provide Tenant an exclusive license to use the portions of the flammables storage cabinets designated by Landlord (the "A.00 Flammables Storage") within Building A, Level 00 (the "A.00 Flammables Storage Room", as more particularly set forth in Exhibit F attached hereto and incorporated herein) at a monthly license fee (the "Flammables Storage License Fee") not to exceed $22.00 per rentable square foot of such Flammables Storage per annum, which license fee shall be exclusive of all operating expenses of the A.00 Flammables Storage Room. Such license to use the A.00 Flammables Storage shall be pursuant to a separate agreement between Landlord and Tenant. Landlord shall maintain the A.00 Flammables Storage in its current condition and maintain its current permits for the same.

Section 2.9 Right of First Offer; Building K Notice.

Tenant shall have a one-time right of first offer (the "Right of First Offer") on the then-available portions of (i) Building E, (ii) Floor 3 of Building D and (iii) Floor 2 of Building C (each, a "ROFO Space") upon the following terms and conditions. This Right of First Offer is subject and subordinate to the rights of third parties existing as of the date of this Lease, to the rights, if any, of each tenant set forth in the applicable lease with such tenant pursuant to the Initial Lease-Up (as defined below) with respect to a ROFO Space that such tenant leased in such applicable lease, and to the right of Landlord or any affiliate of Landlord to use or occupy such ROFO Space.

Landlord will notify Tenant of its plans to market a ROFO Space (the "ROFO Notice") for lease to any party unrelated to Landlord (it being acknowledged and agreed that the Right of First Offer shall not be applicable to space Landlord intends to occupy and/or provide to affiliates of Landlord), which ROFO Notice shall specify the location and square footage for such ROFO Space, Landlord's estimate of the fair market rent for such ROFO Space, the date of availability of such ROFO Space, the term for the ROFO Space and all other material terms and conditions which will apply to such ROFO Space. Within ten (10) Business Days following its receipt of any ROFO Notice, Tenant shall have the right to accept the same by written notice to Landlord (the "ROFO Acceptance Notice"), provided that if Tenant disputes Landlord's estimate of the fair market rent in the ROFO Acceptance Notice, the fair market rent for such space shall be determined as set forth in Section 4.7 below. If Tenant timely delivers a ROFO Acceptance Notice, Landlord and Tenant shall execute an amendment to the Lease incorporating the ROFO Space into the Premises upon the terms contained in the ROFO Notice within ten (10) Business Days following Landlord's delivery to Tenant of a form therefor (and if the Landlord's determination of fair market rent was disputed in the ROFO Notice and not agreed to as of the commencement of the term for such ROFO Space, then rent shall be Landlord's determination of fair market

rent until the finalization of the fair market rent appraisal, and any change in such rent amount shall be adjusted – with applicable credits or reimbursement for any underpayment or overpayment - thereafter).

If Tenant fails to timely deliver a ROFO Acceptance Notice within said ten (10) Business Day period or fails to execute Landlord's form of amendment for such ROFO Space within ten (10) Business Days of receipt from Landlord, Tenant shall be deemed to have waived its rights with respect to a ROFO Space and Landlord shall be entitled, but not required, to lease all or any portion of such ROFO Space to any third party or parties on such terms and conditions, including, without limitation, options to extend the term of such lease and/or expand the premises under such lease, and for such rent as Landlord determines, all in its sole discretion, and the Right of First Offer with respect to such ROFO Space in such ROFO Notice shall be of no further force or effect.

Notwithstanding any contrary provision of this Lease, any Right of First Offer, and any exercise by Tenant of any Right of First Offer shall be void and of no effect unless on the date Tenant timely delivers a ROFO Acceptance Notice to Landlord and on the commencement date of the amendment for a ROFO Space (as applicable): (i) this Lease is in full force and effect and (ii) no Event of Default has occurred under this Lease which remains continuing and uncured after any applicable notice and opportunity to cure and (iii) Tenant shall not have assigned this Lease other than to a Permitted Transferee, and there shall not be any sublease or subleases then in effect. Tenant acknowledges and agrees that Tenant's Right of First Offer with respect to any space that is not subject to a third-party lease on the date hereof (the "Vacant Space") shall not be of any force or effect until such time as such Vacant Space has been initially leased to a third-party tenant after the date hereof as set forth in that lease to such third party tenant as of that date (the "Initial Lease-Up") and such lease has subsequently expired.

In the event Landlord commences construction of the so-called "Building K" portion of the Building and desires to offer portions of Building K for lease, Landlord shall use commercially reasonable efforts to apprise Tenant of any space in Building K that shall be available for lease by Tenant. The foregoing notwithstanding, Landlord shall in no event be liable to Tenant for any failure for provide such information regarding Building K to Tenant.

ARTICLE III.
CONDITION OF PREMISES; CONSTRUCTION OF INITIAL IMPROVEMENTS; ALLOWANCE

Section 3.1 Condition of Premises

. Notwithstanding anything to the contrary herein contained, Tenant shall take the Premises "as-is", in the condition in which the Premises are in as of the Term Commencement Date, without any obligation on the part of Landlord to prepare or construct the Premises for Tenant's occupancy, and without any representation or warranty by Landlord to Tenant as to the condition of the Premises or the Building except as set forth in the next sentence. Notwithstanding the foregoing Landlord represents that the roof and all structural elements of the Building and all utility and building service systems located in the Building on the Term Commencement Date shall be in good working order and condition for use of the Premises as office space on the Term Commencement Date and the condition of the Premises as of the Term Commencement Date shall not materially, adversely differ from its condition as of the date of Tenant's execution of this Lease.

Section 3.2 Tenant's Work; Landlord's Contribution. **NOT APPLICABLE**

Section 3.3 Plans and Specifications

. Tenant shall be solely responsible for the preparation of the final architectural, electrical and mechanical construction drawings, plans and specifications (called "**plans**") necessary for Tenant to construct the Premises for Tenant's occupancy, which plans shall be subject to approval by Landlord's architect and engineers and shall comply with their reasonable requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Building. Landlord's approval is solely given

for the benefit of Landlord, and neither Tenant nor any third party shall have the right to rely upon Landlord's approval of Tenant's plans for any purpose whatsoever other than that Landlord does not object thereto under this Lease. Landlord's architects and engineers shall respond (with approval or disapproval) to any plan submission by Tenant within 8 business days after Landlord's receipt thereof. If Landlord fails to respond to any such submission within such 8 business day period, which failure continues for more than 2 business days after Tenant gives Landlord a written notice (the "Deemed Approved Notice") advising Landlord that such plan submission shall be deemed approved within 2 business days of Landlord's receipt of the Deemed Approved Notice, then such plan submission shall be deemed approved hereunder. The Deemed Approved Notice shall, in order to be effective, contain on the first page thereof, in a font at least twice as large as the font of any other text contained in such notice, a legend substantially as follows: "FAILURE TO RESPOND TO THIS NOTICE WITHIN TWO (2) BUSINESS DAYS AFTER RECEIPT HEREOF SHALL CONSTITUTE LANDLORD'S APPROVAL OF SUBMITTED PLANS." In the event Landlord's architect's or engineers' approval of Tenant's plans is withheld or conditioned, Landlord shall send prompt written notification thereof to Tenant and include a reasonably detailed statement identifying the reasons for such refusal or condition, and Tenant shall promptly have the plans revised by its architect to incorporate all reasonable objections and conditions presented by Landlord and shall resubmit such plans to Landlord. Landlord's architects and engineers shall respond (with approval or disapproval) to any plan re-submission by Tenant within 8 business days after Landlord's receipt thereof. Such process shall be followed until the plans shall have been approved by Landlord's architect and engineers without unreasonable objection or condition. Without limiting the foregoing, Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. Tenant agrees it shall be solely responsible for the timely preparation and submission of all such plans and for all elements of the design of such plans and for all costs related thereto. (The word "**architect**" as used in this Section 3.2 shall include an interior designer or space planner.)

Section 3.4 Signs

. Tenant may not erect or keep any sign which is visible from the exterior of the Building, but tenant may install a sign at its sole cost and expense at the entrance to the Premises subject to Landlord's reasonable approval. All signs located in the interior and/or exterior of the Building (i) shall comply with all applicable Legal Requirements and the sign criteria included in the Rules and Regulations, and (ii) and shall have been reasonably approved in writing and in advance by Landlord following submission of detailed plans and specifications by Tenant to Landlord. Tenant shall maintain its signs in good condition and repair and in accordance with Legal Requirements. At the end of the Lease Term or earlier termination of this Lease, Tenant shall promptly remove Tenant's signs, repair any damage caused by such removal, and return the affected portions of the Building to their condition existing prior to installation of the signs. Tenant shall be identified in the Building directory in the Building's common lobby and with directional signage at the entry of the Building at Landlord's cost and, at Tenant's cost, on the sign board at the entrance to the complex which includes the Building and Premises.

ARTICLE IV.
BASE RENT; ADDITIONAL RENT

Section 4.1 Base Rent

.

(a) Tenant shall pay Base Rent commencing on the Rent Commencement Date at the rate set forth in Item 8 of the Summary of Basic Terms.

(b) Base Rent shall be payable in equal monthly installments of 1/12th of the annual Base Rent then in effect and shall be paid without offset for any reason except as otherwise expressly provided herein, in advance, on the first day of each calendar month from and after the Rent Commencement Date. Base Rent and

Additional Rent shall be paid either (i) by an "electronic funds transfer" system arranged by and among Tenant, Tenant's bank and Landlord, or (ii) by check sent to Landlord's address set forth in Item 12C of the Summary of Basic Terms, or at such other place as Landlord shall from time to time designate in writing. If Tenant is using checks, rent checks shall be made payable to **AstraZeneca LP** or to such other entity as Landlord may designate from time to time in writing. The obligations of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent covenants and obligations. The parties acknowledge and agree that the obligations owing by Tenant under this Section 4.1 are rent reserved under this Lease, for all purposes hereunder, and are rent reserved within the meaning of Section 502(b)(6) of the Bankruptcy Code or any successor provision thereto.

Section 4.2 Certain Additional Rent

. From and after the Term Commencement Date Tenant shall pay to Landlord, without offset for any reason, all Additional Rent when due. If Tenant fails to pay any Additional Rent, Landlord shall have all the rights and remedies for failure to pay Base Rent. The parties acknowledge and agree that the obligations owing by Tenant under this Section 4.2 are rent reserved under this Lease, for all purposes hereunder, and are rent reserved within the meaning of Section 502(b)(6) of the Bankruptcy Code or any successor provision thereto.

Section 4.3 Taxes.

(a) Tenant shall pay to Landlord, as Additional Rent, an amount equal to Tenant's Tax Escalation. Tenant's Tax Escalation shall be estimated in good faith by Landlord at the beginning of each Tax Fiscal Year, and thereafter be payable to Landlord in equal estimated monthly installments together with the payment of Base Rent, subject to readjustment when the actual amount of Taxes is determined. After readjustment, any shortage shall be due and payable by Tenant within 30 days of demand by Landlord and any excess shall be credited against future Base Rent and Additional Rent obligations, or refunded if the Lease Term has ended or terminated early and Tenant has no further rent or surrender obligations to Landlord. If the taxing authority provides an estimated tax bill, then monthly installments of Taxes shall be based thereon until the final tax bill is ascertained. Landlord shall furnish to Tenant, upon Tenant's request, but not more than once in any year, a copy of the tax bill or any estimated tax bill.

(b) If, after Tenant shall have made any payment under this Section 4.3, Landlord shall receive a refund of any portion of the Taxes paid on account of any Tax Fiscal Year in which such payments shall have been made as a result of an abatement of such Taxes, by final determination of legal proceedings, settlement or otherwise, Landlord shall, within 30 days after receiving the refund, pay to Tenant (unless an Event of Default has occurred) an amount equal to (i) the lesser of (A) Tenant's Tax Escalation payments for such Tax Fiscal Year or (B) Tenant's Share of the refund, which payment to Tenant shall be appropriately adjusted if Tenant's Tax Escalation covered a shorter period than covered by the refund, less (ii) Tenant's Share of all reasonable expenses incurred by Landlord in connection with such proceedings (including, but not limited to, reasonable attorneys' fees, costs and appraisers' fees). Landlord shall have sole control of all tax abatement proceedings.

(c) Tenant's obligation in respect of Taxes shall be prorated at the beginning and end of the Lease Term. If the final tax bill for the Tax Fiscal Year in which such expiration or termination of this Lease occurs shall not have been received by Landlord, then within 30 days after the receipt of the tax bill for such Tax Fiscal Year, Landlord and Tenant shall make appropriate adjustments of estimated payments.

(d) Without limiting the generality of the foregoing, Tenant shall pay all rent and personal property taxes attributable to its signs or any other personal property including but not limited to its trade fixtures, the existing or any future floor coverings, wall treatments and light fixtures in the Premises.

(e) Landlord may bring proceedings to contest the validity of the amount of any Taxes or to recover payment therefor. Tenant shall reasonably cooperate with Landlord in connection with such proceedings and shall pay to Landlord Tenant's Share of all reasonable costs, fees and expenses of such

proceedings promptly upon being billed therefor. Any refund, rebate, credit or abatement of Taxes shall be equitably apportioned between the parties with due regard to the duties and rights of each under this Lease, after first reimbursing the parties participating in such contest or proceedings for their aforesaid respective costs and expenses in such contest or proceeding. If and to the extent the cost of bringing such proceedings in included in Taxes, then such costs shall not also be included in Operating Costs.

Section 4.4 Operating Costs

. Tenant shall pay to Landlord, as Additional Rent, an amount equal to Tenant's Operating Cost Escalation. Tenant's Operating Cost Escalation shall be estimated in good faith by Landlord at the beginning of each calendar year, and thereafter be payable in equal estimated monthly installments, together with the Base Rent, subject to readjustment from time to time, but not more frequently than once in any calendar year, as reasonably determined by Landlord and also when actual Operating Costs are determined. After a readjustment, any shortage shall be due and payable by Tenant within 30 days of demand by Landlord and any excess shall be credited against future Base Rent and Additional Rent obligations, or refunded if the Lease Term has ended and Tenant has no further rent or surrender obligations to Landlord. Upon Tenant's reasonable written request, Landlord shall provide Tenant with reasonable supporting documentation for the Operating Costs for the prior calendar year; provided that such request is received by Landlord within six months after the end of the calendar year to which such Operating Costs relate.

Section 4.5 Payment for Electricity

. Landlord has installed a meter to measure the consumption of electricity by all of the tenants (including Tenant) on the floors of the Building in which the Premises are located. Tenant shall from and after the Term Commencement Date pay to Landlord, as Additional Rent, on demand from time to time, but not more frequently than monthly, for its consumption of electricity, a sum equal to its pro rata share of such electrical costs, which pro rata share shall be based on a ratio, the numerator of which is the area of the portion of the Premises subject to each such common meter and the denominator of which is the aggregate area occupied by tenants on the floor of the Building in which such portion of the Premises is located sharing such common meter. The rate to be paid by Tenant for electricity shall exclude the costs incurred by Landlord in maintaining or replacing electrical meters, sub-meters or check-meters, but shall include any taxes or other charges imposed on the Landlord in connection with such electrical service. In the event Landlord installs a check-meter to measure the consumption of electricity by Tenant in any portion of the Premises, Tenant shall pay to Landlord, as Additional Rent, on demand from time to time, but not more frequently than monthly, for its consumption of electricity as measured by such check-meter.

Section 4.6 Tenant's Audit Rights

. Annually, within 120 days after the end of each calendar year or Tax Fiscal Year, as applicable, Landlord shall furnish to Tenant a report setting forth in reasonable detail the Operating Costs and Taxes for the immediately preceding calendar year (in the case of Operating Costs) or Tax Fiscal Year (in the case of Taxes). Tenant shall have the right to audit Landlord's books and records relating to Operating Costs and/or Taxes with respect to the period covered by each such report within six months after receipt of such report (such six month period being called the "Audit Period") by delivering a notice of its intention to perform such audit to Landlord. If, as a result of such audit, Tenant believes that it is entitled to receive a refund of any Additional Rent paid by Tenant in respect of Operating Costs and/or Taxes, Tenant shall deliver to Landlord, no later than 30 days after expiration of the Audit Period, a notice demanding such a refund, together with a statement of the grounds for each such demand and the amount of each proposed refund. The cost of any such audit shall be paid by Tenant, except that, if it is established that the Additional Rent in respect of Operating Costs or Taxes, as applicable, charged to Tenant for the period in question was overstated by more than 3%, the reasonable out-of-pocket cost of such audit paid to a third party other than an employee of Tenant shall be paid or reimbursed to Tenant by Landlord. Provided that Landlord has complied with Section 4.3(b) or Section 4.3(e), as the case may be, an overstatement for the purposes of allocation of audit costs shall not be deemed to exist due to a refund of Taxes. Any audit shall be performed by either (a) Tenant's or Tenant's Affiliates regular employees or (b) a reputable certified public accountant reasonably acceptable to Landlord whose compensation is not contingent on the results of the audit. As a condition of Tenant's right to audit under this Section 4.6, Tenant agrees, and shall cause any outside auditor retained by Tenant to agree, to

maintain the confidentiality of the results of the audit, subject to the right to disclose such results in any legal proceedings regarding the accuracy of the charges for Additional Rent in respect of Operating Costs or Taxes. If Landlord determines that a report previously furnished by Landlord was in error, Landlord may furnish a corrective or supplemental report to Tenant within six (6) months after the original report was furnished, and if such corrective or supplemental report results in increased Additional Rent, the Audit Period for the year covered by such report shall be extended for six months after Landlord furnishes the corrective or supplemental report.

Section 4.7 Determination of Fair Market Rent.

"Fair Market Rent" shall mean (a) with respect to the Extension Term, the anticipated rent for the Premises for the Extension Term as of the commencement of the Extension Term under market conditions then existing and (b) with respect to a ROFO Space, the anticipated rent for the ROFO Space as of the commencement of the term for such ROFO Space under market conditions then existing.

With respect to the Extension Term, provided that Tenant timely delivers written notice that it is exercising its option to extend the term of the Lease, Landlord shall notify Tenant of Landlord's estimate of the Fair Market Rent no later than the date that is eleven (11) calendar months prior to the expiration of the initial term of the Lease. No later than fifteen (15) days after such notification, Tenant may dispute Landlord's estimate of Fair Market Rent upon written notice thereof to Landlord which written notice shall contain Tenant's estimate of the Fair Market Rent (the "Extension Term FMV Dispute Notice").

If Tenant disputes Landlord's estimate of Fair Market Rent, then the Fair Market Rent shall be determined by agreement between Landlord and Tenant during the next thirty (30) day period (the "Discussion Period") following Tenant's delivery of an Extension Term FMV Dispute Notice or a ROFO Acceptance Notice which disputes Landlord's estimate of the fair market rent for a ROFO Space, as applicable.

If Landlord and Tenant are unable to agree upon the Fair Market Rent during the Discussion Period, then the Fair Market Rent shall be determined by the determination of a board of three (3) M.A.I. appraisers as hereafter provided, each of whom shall have at least five (5) years' experience in the Waltham biotech rental market and each of whom is hereinafter referred to as "appraiser", Tenant and Landlord shall each appoint one such appraiser and the two appraisers so appointed shall appoint the third appraiser (the "Neutral Appraiser"). The cost and expenses of each appraiser appointed separately by Tenant and Landlord shall be borne by the party who appointed the appraiser. The cost and expenses of the third appraiser shall be shared equally by Tenant and Landlord. Landlord and Tenant shall appoint their respective appraisers no later than fifteen (15) days after the expiration of the Discussion Period and shall designate the appraisers so appointed by notice to the other party. The two appraisers so appointed and designated shall appoint the Neutral Appraiser no later than thirty (30) days after the end of the Discussion Period and shall designate such appraiser by notice to Landlord and Tenant. The Neutral Appraiser shall then choose either the Landlord's estimate of Fair Market Rent or the Tenant's estimate of Fair Market Rent as the Fair Market Rent of the space in question as of the commencement of the Extension Term and shall notify Landlord and Tenant of its determination no later than forty-five (45) days after the end of the Discussion Period. The Fair Market Rent determined in accordance with the provisions of this Section shall be deemed binding and conclusive on Tenant and Landlord. Notwithstanding the foregoing, if either party shall fail to appoint its appraiser within the period specified above (such party referred to hereinafter as the "failing party") the other party may serve notice on the failing party requiring the failing party to appoint its appraiser within ten (10) days of the giving of such notice and if the failing party shall not respond by appointment of its appraiser within said (10) day period, then the appraiser appointed by the other party shall be the sole appraiser whose choice of either the Landlord's or the Tenant's estimate of Fair Market Rent shall be binding and conclusive upon Tenant and Landlord. All times set forth herein are of the essence.

ARTICLE V.
USE OF PREMISES

Section 5.1 Permitted Use

. Tenant shall not use or occupy the Premises for any purpose other than the Permitted Use.

Section 5.2 Restrictions on Use

. Tenant shall use the Premises and Landlord's Equipment in a careful, safe and proper manner, shall not commit or suffer any waste on or about Landlord's Property or with respect to Landlord's Equipment, and shall not make any use of Landlord's Property and/or Landlord's Equipment which is prohibited by or contrary to any laws, rules, regulations, orders or requirements of public authorities, or which would cause a public or private nuisance. Tenant shall comply with and obey all laws, rules, regulations, orders and requirements of public authorities which in any way affect the use or operation of Landlord's Equipment and the use, operation or occupancy of Landlord's Property. Tenant, at its own expense, shall obtain any and all permits, approvals and licenses necessary for use of the Landlord's Equipment and the Premises (copies of which shall be provided to the Landlord), provided that Landlord shall be responsible for obtaining a certificate of occupancy for the Building generally (i.e., as opposed to a certificate of occupancy for the Premises after the performance of any work by Tenant, which shall be Tenant's responsibility) and any other permits, approvals and licenses necessary generally for the use of Landlord's Equipment and Landlord's Property and in order for Landlord to comply with its compliance obligations under Section 6.6. Tenant shall not overload the floors or other structural parts of the Building; and shall not commit or suffer any act or thing on Landlord's Property which is illegal, unreasonably offensive, unreasonably dangerous, or which unreasonably disturbs other tenants. Tenant shall not knowingly do or permit to be done any act or thing on Landlord's Property or with Landlord's Equipment which will invalidate or be in conflict with any insurance policies, or which will increase the rate of any insurance, covering the Building. If, because of Tenant's failure to comply with the provisions of this Section or due to any use of the Premises or activity of Tenant in or about Landlord's Property, the Insurance Costs are increased, Tenant shall pay Landlord the amount of such increase caused by the failure of Tenant to comply with the provisions of this Section or by the nature of Tenant's use of the Premises. Tenant shall cause any fire lanes in the front, sides and rear of the Building to be kept free of all parking associated with its business or occupancy and in compliance with all applicable regulations. Tenant shall conduct its business at all times so as not to annoy or be offensive to other tenants and occupants in Landlord's Property. Tenant shall not permit the emission of any objectionable noise or odor from the Premises and shall at its own cost install such extra sound proofing or noise control systems and odor control systems, as may be needed to eliminate unreasonable noise, vibrations and odors, if any, emanating from the Premises being heard, felt or smelled outside the Premises. Tenant shall not place any file cabinets bookcases, partitions, shelves or other furnishings or equipment in a location which abuts or blocks any windows.

Section 5.3 Hazardous Materials

.

(a) Tenant shall be permitted to bring or keep in or on the Premises any Hazardous Material (hereinafter defined), so long as such Hazardous Material is specifically identified and enumerated in Tenant's Hazardous Waste Management Program (as hereafter defined and as the same may be updated by Tenant from time to time upon reasonable prior notice to and with the approval of Landlord), which are hereby expressly permitted by Landlord ("Tenant's Hazardous Materials"). Tenant's Hazardous Materials shall at all times be brought upon, kept or used in accordance with (A) all applicable Environmental Laws (hereinafter defined) and regulations or requirements of insurance rating or insurance service organizations, (B) Tenant's "Hazardous Waste Management Program," which shall be provided by Tenant to Landlord in advance of Hazardous Materials being brought by Tenant upon the Premises for Landlord's review and approval, not to be unreasonably withheld, conditioned or delayed, and Tenant hereby acknowledges that Tenant shall be prohibited from bringing or keeping any Tenant's Hazardous Materials in or on the Premises until Landlord has approved Tenant's "Hazardous Waste Management Program" in writing, and (C) with respect to medical waste and so-called "biohazard" materials, all applicable laws and regulations and insurance regulations or requirements. Tenant shall be responsible for assuring that all laboratory uses are adequately and properly vented. Tenant's

Hazardous Waste Management Program shall be updated as reasonably required by Landlord or desired by Tenant (including the list of Tenant's Hazardous Materials enumerated therein), but no less frequently than annually. Tenant's Hazardous Waste Management Program shall also specify (i) a description of handling, storage, use and disposal procedures; and (ii) all plans or disclosures and/or emergency response plans which Tenant has prepared, including without limitation Tenant's Hazardous Waste Management Plan, and all plans which Tenant is required to supply to any governmental agency or authority pursuant to any Environmental Law.

(b) Tenant, at its sole cost and expense, shall comply with (i) all applicable Environmental Laws, including but not limited to those relating to any discharge into the air, surface, water, sewers, soil or groundwater of any Hazardous Material, whether within or outside the Premises, Building or Landlord's Property, and (ii) any applicable rules, requirements and safety procedures of the Massachusetts Department of Environmental Protection ("DEP"), the City of Waltham Fire Marshal, any other federal, state or local agencies or authorities having jurisdiction, and any insurer of the Landlord's Equipment, Landlord's Property, Building or the Premises with respect to the use, storage and disposal of any Hazardous Materials at or from the Premises. Tenant shall provide Landlord with a written inventory of all of Tenant's Hazardous Materials used or to be used in the Tenant's normal operations at the Premises, and Tenant shall update said inventory on an annual basis and upon any changes or modifications thereto.

(c) Any increase in the premium for insurance at the Landlord's Property arising from Tenant's use and/or storage of Tenant's Hazardous Materials shall be at Tenant's expense. Tenant shall procure and maintain at its sole expense such additional insurance as may be necessary to comply with any requirement of any federal, state or local government agency with jurisdiction.

(d) Tenant shall reimburse Landlord upon demand, as Additional Rent, for the reasonable costs of investigating Tenant's compliance with the provisions of this Section 5.3, within thirty (30) days after demand therefor, but only if such investigation reveals that Tenant is not in material compliance. Tenant shall execute affidavits, certifications and the like, as may be reasonably requested by Landlord from time to time concerning Tenant's best knowledge and belief concerning the presence of Hazardous Materials in or on the Premises or the Building.

(e) Tenant hereby covenants and agrees to indemnify, defend and hold Landlord harmless from and against any and all claims against Landlord arising out of (A) the presence of Hazardous Material (which term shall include, for all purposes of this Lease, any biohazardous materials) in, under or about the Building or in Landlord's Property or transported from the Building or Landlord's Premises to the extent resulting from Tenant's use or operations, or (B) the breach by Tenant of any of its obligations under this Section 5.3. This indemnification of the Landlord by Tenant includes, without limitation, reasonable costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the land, soil, air or ground water on, under or about the Building or landlord's Premises resulting from Tenant's use or operations. The indemnification and hold harmless obligations of Tenant under this Section 5.3(e) shall survive the expiration or any earlier termination of this Lease. Without limiting the foregoing, if the presence of any Hazardous Material in the Building or otherwise in the Landlord's Property is caused by any of the Tenant, its agents, contractors, or employees and results in any contamination of any part of the Landlord's Property or any adjacent property, Tenant shall take all actions at Tenant's sole cost and expense as are necessary pursuant to Environmental Laws to remediate the Landlord's Property or any adjacent property to their condition as of the date of this Lease, provided that Tenant shall first obtain Landlord's approval of such actions, which approval shall not be unreasonably withheld, conditioned or delayed so long as such actions, in Landlord's reasonable discretion, would not potentially have any adverse effect on the Landlord's Property, and, in any event, Landlord shall not withhold its approval of any proposed actions which are required by applicable Environmental Laws.

(f) Landlord represents that it has no knowledge of (i) any contamination of any portion of the Landlord's Property other than as disclosed in the environmental reports previously delivered to the Landlord; or (ii) any asserted claims by third parties relating to the presence of Hazardous Materials in the Landlord's Property.

(g) Landlord hereby covenants and agrees with Tenant to indemnify, defend and hold Tenant harmless from and against any and all claims against Tenant which may arise out of (i) the release or discharge of any Hazardous Material on or about the Landlord's Property, Premises or Building by virtue of the acts of Landlord or any of its contractors, agents or invitees, and (ii) the presence of the Hazardous Materials located at or migrating from the Landlord's Premises or Building as of the Term Commencement Date. The indemnification and hold harmless obligations of Landlord under this Section 5.3(g) shall survive the expiration or any earlier termination of this Lease with respect to occurrences during the Term.

Section 5.4 Biohazard Removal and Animal Care.

(a) Tenant shall be responsible, at its sole cost and expense, for janitorial and trash removal services and other biohazard disposal services for the Premises, including the laboratory areas thereof. Such services shall be performed by Tenant's employees or by licensed (where required by law), insured and qualified contractors and on a sufficient basis to ensure that the Building and the Landlord's Premises are at all times kept neat, clean and free of Hazardous Materials and biohazards as provided in Section 5.3. In addition, Tenant shall be responsible, at Tenant's sole cost and expense, for the care and safe storage of any animals housed within the Premises, including without limitation all animal husbandry and custodial services with respect thereto, in accordance with the prevailing standards and practices applicable to Tenant's industry.

(b) No animals, animal waste, food or supplies relating to the animals maintained from time to time in the animal storage areas of the Premises shall be transported within the Building except as provided in this Section 5.4. All deliveries of animals or animal food or supplies to Tenant at the Building shall be made prior to 11:00 a.m. No transportation of animals, animal waste, food or supplies within the Building shall occur between the hours of 11:00 a.m. and 2:00 p.m. At all times that animals are transported within the Common Areas, they shall be transported in an appropriate cage or other container. At no time shall any animals, animal waste, food or supplies relating to the animals be brought into, transported through, or delivered to the lobby of the Building or be transported within the Building in elevators.

ARTICLE VI.
LANDLORD'S SERVICES

Section 6.1 Landlord's Services

. Landlord shall furnish to the Building the services set forth below in this Section 6.1, subject to the conditions stated in this Lease. The cost of certain of these services are to be (i) paid by Tenant, as expressly provided in this Lease, or (ii) included in Operating Costs or Taxes, as applicable. The cost and expense of any services that are expressly provided in this Lease not (x) to be paid for by Tenant as expressly provided for in this Lease or (y) included in Operating Costs or Taxes, as applicable, shall be borne by Landlord. Except as otherwise expressly provided in this Lease, the cost of all work and services to be provided or performed by Landlord hereunder shall be included in Operating Costs.

(a) Exterior of Building and Structure. Landlord shall keep in good condition and repair the exterior and structural elements of the Building, including the roof, roof membrane and the utility lines and systems outside the Building (except to the extent those utility lines or systems are the property or responsibility of the applicable utility company).

(b) Systems. Subject to the performance of Tenant's obligations under Section 7.4, Landlord shall operate, maintain and keep in good condition and repair the heating, ventilating and air conditioning system, the plumbing, sewer, drainage, electrical, fire protection, elevator, life safety and security systems and

equipment and other mechanical, electrical and communications systems and equipment of the Building ("Building Systems"). Notwithstanding the foregoing, the Building Systems shall only include such commonly available systems and equipment as are present in the Building as of the Term Commencement Date and replacements thereof, and shall expressly exclude any utility or building service systems or equipment installed by or on behalf of Tenant or otherwise in connection with Tenant's operations in the Premises, all of which shall be operated, maintained, repaired, and replaced as necessary by Tenant at its sole expense. Subject to the performance of Tenant's obligations under Section 7.4, Landlord, at Tenant's expense, shall provide heating, ventilating, and air-conditioning services to the Premises, and Landlord shall set the temperature in D2 and C3 portions of the Premises at a temperature reasonably designated by Tenant.

(c) Water and Sewer. Water will be available for Tenant's use. Tenant shall from and after the Term Commencement Date pay to Landlord, as Additional Rent, on demand from time to time, but not more frequently than monthly, for its consumption of water and sewer services, a Water Service Charge. As of the date hereof the "Water Service Charge" is a sum equal to $1.48/rsf per annum (i.e. $2,835.68.00 per month). Landlord may from time to time have a survey made by a reputable, independent engineer or consulting firm selected by Landlord in its sole discretion to determine the cost of the water and sewer service being furnished to the Premises by Landlord. If it is determined that such cost is different from the Water Service Charge, then the Water Service Charge shall be adjusted by such difference, effective on the date recommended by such engineer or consulting firm. Any adjustment in the Water Service Charge shall be retroactive to the extent necessary. Notwithstanding the foregoing, if the rates for water and/or sewer usage charged by the applicable utility company increase during the term of this Lease, Landlord may increase the Water Service Charge accordingly effective as of the date of such increase without the necessity of a survey.

(d) Common Areas. Landlord shall provide heating and air conditioning for the Common Areas inside the Building during Business Hours. Landlord shall clean, provide lighting, repair, maintain and provide janitorial services for the Common Areas including, to the extent reasonable, the Parking Areas, in order to maintain the Common Areas. Landlord shall make any alterations or improvements as are necessary to cause the Common Areas to be in substantial compliance with all Legal Requirements. Notwithstanding the above, any damage to the Common Areas or Common Facilities caused by any Invitee of Tenant shall be the sole responsibility of Tenant.

(e) Waste Removal. Landlord shall provide or arrange for ordinary and reasonable waste removal services for the Building. In the event that Landlord reasonably determines that Tenant's quantity of waste is excessive in comparison to other tenants of the Building, or, in the event that Landlord determines that Tenant's waste is other than waste generated by typical office use, Landlord may bill Tenant directly as Additional Rent for any such additional cost therefor or require that Tenant be responsible for disposing of its own waste.

(f) Taxes. Landlord shall pay all Taxes levied upon or with respect to Landlord's Property.

(g) Insurance. Landlord shall procure and maintain in full force and effect fire, casualty and extended coverage insurance with respect to the Building, with vandalism and malicious mischief endorsements, liability insurance with respect to the Common Areas, business automotive, rent loss insurance and such other insurance upon or with respect to Landlord's Property as Landlord reasonably determines to be necessary, appropriate and/or desirable or is required by Landlord's lender, all with such limits of coverage and deductibles as Landlord or Landlord's lender may deem reasonably necessary, appropriate and/or desirable, which insurance coverage and amounts shall be commercially reasonable in light of the practices of similarly situated commercial landlords of comparable properties in the City of Waltham, Massachusetts.

(h) Food Service. Landlord shall cause food service to be provided (directly or through outside vendors) during Business Hours for tenants of the Building within a portion of the Common Areas of the Building for use by tenants of the Building and others permitted to use such facilities by Landlord. Landlord

shall have the right to terminate the food service if it no longer is economically viable in the Landlord's sole and exclusive judgment.

Section 6.2 Extraordinary Use

. Tenant acknowledges that, for the purposes of computer use in the Premises, the electrical and HVAC services to be supplied by Landlord to the Premises will be sufficient only for computer use for general office purposes (and not for data centers, server farms or any similar computing equipment requiring high-demand power and cooling). Any additional capacity or structural support, as reasonably determined by Landlord, needed for computers, data processing or heat-generating machines or other equipment required for computer use beyond ordinary office uses, shall be subject to Landlord's prior written approval, which approval shall be in Landlord's reasonable discretion, and all such equipment shall be installed and maintained at Tenant's sole expense.

Section 6.3 Interruption; Delay

. Landlord shall have no responsibility or liability for failure or interruption of any such repairs or services referred to in this Article VI, or for any interruption in utility services, caused by breakage, accident, strikes, repairs, inability after exercise of reasonable diligence to obtain supplies or otherwise furnish services, or for any cause or causes beyond the reasonable control of Landlord (any or all of the foregoing being a "Service Interruption") (but Landlord, in respect of those matters for which Landlord is responsible, will use reasonable efforts to restore such services or make such repairs as soon as possible), nor in any event for any indirect or consequential damages; and failure or omission on the part of Landlord to furnish such service or make such repair shall not be construed as an eviction of Tenant, nor render Landlord liable in damages, nor entitle Tenant to an abatement of Base Rent or Additional Rent, nor release Tenant from the obligation to fulfill any of its covenants under this Lease, except as provided in Articles X and XI with respect to eminent domain and damage by fire or other casualty. Notwithstanding the foregoing, if the Premises, or a material portion thereof, is made untenantable or inaccessible, and Tenant actually ceases to use the Premises or such portion, for more than five consecutive business days after written notice from Tenant to Landlord as a result of any Service Interruption not caused by Tenant, then Tenant shall be entitled to receive an abatement of Base Rent and Additional Rent payable hereunder for the period beginning on the fifth consecutive business day of such Service Interruption and ending on the day the service is restored; provided that if such a Service Interruption renders less than the entire Premises untenantable or inaccessible, the amount of Base Rent and Additional Rent abated shall be prorated in proportion to the percentage of the rentable square footage of the Premises that is rendered untenantable or inaccessible. The foregoing right shall not apply if the Service Interruption is due to casualty. In any event, Landlord shall take all commercially reasonable steps to provide alternative power, utility services, HVAC, electrical, plumbing and other services to the Premises, including, but not limited to, providing generators and other temporary services at the Landlord's sole cost and expense (and not an Operating Cost) if such Service Interruption was caused by Landlord or Landlord's employees, agents, contractors or invitees.

Section 6.4 Additional Services

. Should Tenant request any additional services, or services beyond the noted hours for such services, Tenant agrees to pay to Landlord as Additional Rent therefor Landlord's actual costs for providing such service, plus an additional 5% as an administrative fee, within 30 days of Landlord's billing Tenant therefor.

Section 6.5 Landlord Indemnity

. Landlord will exonerate, indemnify, defend, save and hold harmless Tenant from and against all claims, proceedings, defenses thereof, liabilities, costs, and expenses of any kind and nature, including reasonable legal fees, expenses and costs, arising from (i) any injury to person or damage to property to the extent caused by the negligence or misconduct of Landlord or Landlord's agents, employees or contractors, or (ii) any breach by Landlord of any representation, covenant or other term contained in this Lease, whether occurring before, during, or after the expiration of the Lease Term. The provisions of this Section shall survive the expiration or earlier termination of the Lease Term.

Section 6.6 Compliance with Laws

. Landlord shall cause the Building (other than portions for which such compliance is the responsibility of the party leasing such space) and the Common Areas to comply with all Legal Requirements. Such obligation of Landlord shall include, but not be limited to, the correction of any violations with respect to the Common Areas that arise out of or in connection with any claims brought under any provision of the Americans with Disabilities Act as amended from time to time. As of the date hereof, Landlord has not received notice from any governmental agencies that the Landlord's Property, Common Areas or Premises are in violation of Legal Requirements.

ARTICLE VII.
CERTAIN OBLIGATIONS OF TENANT

Section 7.1 Rent

. Tenant will promptly pay the Base Rent and Additional Rent, including without limitation any and all fees, charges, expenses, fines, assessments or other sums payable by Tenant to Landlord

(or to the applicable provider of utilities) at the time and in the manner provided for in this Lease, all of which shall be deemed to be obligations to pay Base Rent or Additional Rent.

Section 7.2 Utilities

. Tenant shall pay Tenant's Electricity Costs in accordance with Section 4.5. With respect to utilities other than electric for which the Premises are separately metered or submetered, Tenant shall pay bills directly to the utility provider prior to their due dates if Tenant is billed directly by the utility provider, or Tenant shall pay the charges therefor to Landlord as Additional Rent within 30 days of Landlord's billing therefor. With respect to utilities other than electric for which the Premises are not separately metered or submetered, Tenant shall pay for usage as a part of the Operating Costs. Tenant agrees that its use of electric current shall never exceed the capacity of existing feeders, risers and wiring installations in the Building. Tenant shall not make or perform any alterations to wiring, installations, lighting fixtures or other electrical facilities in any manner without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed, or conditioned. Any risers or wiring to meet Tenant's excess electrical requirements, if requested by Tenant and approved by Landlord, will be installed by Landlord at Tenant's expense.

Section 7.3 No Waste

. Tenant shall not overload, damage or deface the Premises nor shall it suffer or permit the same to be done, nor shall it commit any waste.

Section 7.4 Maintenance; Repairs; and Yield Up

. Subject to Landlord's maintenance and repair obligations and the limitations set forth below, Tenant shall keep the Premises neat and clean and maintain the same in good repair and condition; Tenant's obligation to so maintain and repair the Premises shall apply to all of the Premises, including, without limitation, all doors, glass, fixtures, interior walls, floors, ceilings, HVAC equipment, telephone and data equipment, lighting, plumbing and lab equipment and any other systems (other than common Building Systems) exclusively serving the Premises. There is excepted from Tenant's obligations under this Section 7.4 only (a) damage to such portions of the Premises not the responsibility of Tenant under this Lease and originally constructed by Landlord as is caused by those hazards which are covered by the policies of insurance carried by Landlord with respect to Landlord's Property, (b) repair of damage caused by Landlord except to the extent covered by Tenant's property insurance, (c) repairs and work which are otherwise the specific responsibility of Landlord hereunder and (d) reasonable wear and tear. Upon the expiration or other termination of the term hereof, Tenant shall (i) peaceably quit and surrender to Landlord the Premises in the condition required by the other provisions of this Lease; (ii) remove any and all Hazardous Materials from the Premises (other than any Hazardous Materials in the Premises on the Term Commencement Date) and all of Tenant's Property; (iii) deliver to Landlord a certification from a licensed, insured, and qualified industrial hygienist certifying that the Premises do not contain any Hazardous Materials other than any Hazardous Materials in the Premises on the Term Commencement Date; (iv) repair any damages to the Premises or the Building caused by the installation or removal of alterations or Tenant's property; and (v) decommission all laboratory lines, systems, and equipment in accordance with applicable industry standards. Tenant's obligations under the preceding sentence shall survive the expiration or earlier termination of this Lease for a period of eighteen (18) months. Failure to perform such removal and restoration on or before the expiration or earlier termination of the Term hereof shall constitute a holding over by Tenant subject to the terms of Section 13.9 hereof. Tenant shall cause all maintenance and repair work to conform to applicable governmental laws, rules, regulations, orders and requirements of public authorities. Tenant shall keep the Premises clear of all filth, trash and refuse. If Tenant fails to perform Tenant's obligations under the above provisions of this Section, then Landlord will have the right (but not the obligation), without waiving any default by Tenant, to cause such obligations to be performed upon not less than three days prior written notice to Tenant (or a shorter period of prior written notice, or a contemporaneous written notice, if appropriate in Landlord's reasonable judgment in light of the nature of Tenant's obligations to be performed), and if Landlord causes any of such obligations to be performed, the costs and expenses reasonably incurred by Landlord in connection therewith shall be due and payable by Tenant to Landlord as Additional Rent upon demand.

Section 7.5 Alterations by Tenant

. Tenant will not make any change in, or addition to, the Premises without first obtaining, on each occasion, Landlord's consent in writing, not to be unreasonably withheld,

conditioned or delayed and then only at Tenant's expense (other than with respect to the Tenant Improvement Allowance, if applicable), and in a lawful manner and upon such terms and conditions as Landlord, by such writing, shall approve, which shall include, without limitation, (a) maintenance of insurance reasonably satisfactory to Landlord and (b) compliance with Sections 7.9 and 7.11. Notwithstanding the foregoing, the prior written consent of Landlord will not be required for non-structural interior alterations that do not affect any of the utility or building service systems or equipment in the Building (other than such utilities and systems that are located within and exclusively serve the Premises) and that cost less than $10,000.00 for any single project; provided, however, that Tenant shall notify Landlord of the performance of any such work and provide Landlord copies of any plans and specifications therefor that have been produced by or for the benefit of Tenant. Any such alteration or addition shall be consistent in appearance with the rest of the Building and Landlord's Property and shall be made only after duly obtaining (and providing to Landlord copies of) all required permits and licenses from all governmental authorities. Tenant will deliver to Landlord in writing a schedule setting forth the details and location of all such proposed alterations or additions and detailed plans and specifications. The contractor(s) performing the work shall be subject to Landlord's reasonable approval. All approved repairs, installations, alterations, additions or other improvements made by Tenant shall be made in a good and workmanlike manner, between such hours as approved in writing by Landlord, which approval shall not be unreasonably withheld, delayed, or conditioned, and in such a way that utilities will not be unnecessarily interrupted and other tenants and occupants of the Building will not suffer unreasonable inconvenience or interference as reasonably determined by Landlord. Tenant's Invitees shall be given such reasonable access to other portions of the Building and the mechanical systems as may be necessary or appropriate to perform such work. Both during and after the performance of any such work, Landlord shall have free access to any and all mechanical installations in the Premises that constitute part of the Building service systems and equipment (i.e., as opposed to Tenant's laboratory equipment), including, but not limited to, air conditioning, fans, ventilating systems, machine rooms and electrical closets; and Tenant agrees not to construct or permit the installation of partitions and/or other obstructions in the Premises which might interfere with Landlord's free access to the Premises or Building, or impede the free flow of air to and from air vents and other portions of the heating, ventilating and air conditioning systems in the Building. All installations, alterations, additions or improvements in or to the Premises shall be the property of Landlord and shall remain upon, and be surrendered with, the Premises at the end of the Lease Term or sooner termination of this Lease, except to the extent that Landlord, by written notice to Tenant given simultaneously with the approval of the plans and specifications for any such work, requires Tenant to remove any of the same at the expiration or earlier termination of this Lease, all of which items so designated shall be removed by Tenant at its expense and Tenant shall repair any damage to the Landlord's Property and Landlord's Equipment caused by the installation or removal of any such item.

Section 7.6 Trade Fixtures and Equipment

. Any trade fixtures installed in, or attached to, the Premises by, and at the expense of, Tenant, shall remain the property of Tenant, if the same may be removed without material damage to, or destruction of, the Premises. Tenant shall have the right, at any time and from time to time during the Lease Term, to remove any and all of its trade fixtures, which it may have installed in, or attached to, the Premises. In addition, at the end of the Lease Term or sooner termination of this Lease, Tenant shall remove all of Tenant's trade fixtures unless Landlord gives Tenant a written waiver for same. At any time that Tenant removes any of its trade fixtures, Tenant shall promptly repair Landlord's Property and Landlord's Equipment as a result of any damage to, or destruction of, Landlord's Property and/or Landlord's Equipment caused by the installation or removal of any of its trade fixtures.

Section 7.7 Compliance with Laws

. Subject to Section 6.6 and/or Landlord's obligation to obtain a certificate of occupancy for the Building as provided in Section 5.2 above and any other permits, approvals and licenses necessary generally for the use of Landlord's Property and Landlord's Equipment, Tenant, in its use of the Premises and at its sole expense, shall comply with all applicable laws, orders and regulations of Federal, State, County and Town authorities, and with any direction of any public officer or officers, pursuant to law, including, without limitation, all Legal Requirements related to the use, storage, discharge, release, removal or

existence of Hazardous Materials and for all applicable Export Control and sanctions regulations. Tenant shall maintain the Premises and Landlord's Equipment in a sanitary and safe condition in accordance with all applicable Federal and State laws and the by laws, rules, regulations and ordinances of the City of Waltham, and in accordance with all directions, rules and regulations of the Health Officer, Fire Marshall, Building Inspector and other proper officers of the governmental agencies having jurisdiction thereover.

Section 7.8 Contents at Tenant's Risk

. All inventory, equipment, goods, merchandise, furniture, fixtures and property of every kind which may be on or about the Premises shall be at the sole risk and hazard of Tenant, and if the whole or any part thereof shall be destroyed or damaged by windstorm, vandalism, and malicious mischief and such other hazards as are included in so-called extended all-risk coverage, including but not limited to fire, water or otherwise, or by the use or abuse of water or by the leaking or bursting of water pipes, or by rising water, or by roof or other structural leak, or by loss of electrical service, or in any other way or manner, no part of such loss or damage shall be charged to or borne by Landlord in any case whatsoever, except that to the extent required by applicable Massachusetts law, the foregoing shall not exculpate Landlord from its own negligent acts or omissions or willful misconduct. Tenant agrees to maintain property insurance written on an All Risk or Special Perils Form, with coverage for broad form water damage, including earthquake sprinkler leakage, at the full replacement cost value of the insured property and with a replacement cost endorsement covering all of Tenant's business and trade fixtures, equipment, furniture, merchandise and other personal property within the Premises; and from and after the commencement date of this Lease and throughout the remainder of the term hereof rent or business interruption insurance against loss resulting from fire, or other risks covered by broad form extended coverage endorsement, in an amount equal to the then current base annual rent and additional rents for the Premises for at least a one year period, with loss payable under such policy to Landlord, and Tenant shall indemnify and save harmless Landlord from any loss, cost, expense, damage or liability resulting from Tenant's failure to have such insurance as required in this Lease. Such insurance on Tenant's property shall contain a waiver of subrogation clause in favor of Landlord.

Such policies are to be written for terms of not less than one year by a company having a general policy holder's rating of not less than A and a rating in financial size of not less than XI, as rated in the most current "Best's" insurance reports, and authorized and licensed to issue such policies in the Commonwealth of Massachusetts. Any such insurance required of Tenant hereunder may be furnished by Tenant under any blanket policy carried by it, providing the policy strictly complies with all other terms and conditions contained in this Lease, and provided further that such policy: (x) identifies with specificity the particular address of the premises being covered under the blanket policy; (y) provides a minimum guaranteed coverage amount for the Premises as required pursuant to the terms of this Article; and (z) expressly waives any pro rata distribution requirement contained in Tenant's blanket policy covering the Premises. Each policy evidencing insurance as required to be carried by Tenant pursuant to this Article shall contain the following provisions and/or clauses: (i) a cross-liability clause; (ii) a provision that such policy and the coverage carried by Landlord shall be excess insurance; (iii) a provision including Landlord, Landlord's managing agent, and other parties (including mortgagees) designated by Landlord as additional insureds (except with respect to workers' compensation insurance); (iv) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees and representatives which arises or might arise by reason of any payment under such policy or by reasons of any act or omission of Landlord, its agents, employees, or representatives; (v) a severability clause; and (vi) a provision that the insurer will endeavor to provide 30 days' notice of cancelation. An Evidence of Insurance (in form ACORD 27, or such other form acceptable to Landlord) for each of the insurance policies Tenant is required to carry in compliance with its obligations under this Lease, and containing provisions specified herein, shall be delivered to Landlord prior to the Term Commencement Date, and, upon renewals, prior to the expiration of such coverage. Upon Tenant's default in obtaining or delivering any such policy or policies or failure to pay the premiums therefor, Landlord (in addition to and not in limitation of its other rights, remedies and privileges by reason thereof) may, but shall not be obligated to, secure or pay the premium for any such policy or policies and charge Tenant as Additional Rent therefor an amount equal to 110% of the costs incurred by Landlord thereby. Insurance notifications may arrive by regular mail.

Section 7.9 Exoneration; Indemnification and Insurance

. Tenant will exonerate, indemnify, defend, save and hold harmless Landlord (and any and all Persons claiming by, through or under Landlord) from and against all claims, proceedings, defenses thereof, liabilities, costs, and expenses of any kind and nature, including reasonable legal fees, arising from: (i) any breach of this Lease by Tenant or any Invitee of Tenant or other Person claiming by, through or under Tenant; (ii) any occurrence within the Premises, except to the extent the same results from the negligence or willful misconduct of Landlord, its agents, contractors, or employees; and/or (iii) any act, omission or negligence of any Invitee of Tenant, or arising from any accident, injury or damage occurring in, on or about Landlord's Property, which such accident, damage or injury results from the negligence or misconduct on the part of any Invitee of Tenant. This exoneration, indemnification and hold harmless agreement shall survive the termination of this Lease.

From and after the Term Commencement Date and thereafter during the Lease Term and any period of holding over, Tenant shall maintain in full force and effect the following insurance coverages:

(i) commercial general public liability insurance all on an occurrence basis with respect to the business carried on in or from the Premises and the Tenant's use and occupancy of the Premises and of any other part of the Building, with coverage for any one occurrence or claim of not less than Ten Million Dollars ($10,000,000), which insurance shall include the Landlord as an additional insured (by written endorsement delivered to the Landlord) and shall contain a cross liability clause protecting the Landlord in respect of claims by the Tenant as if the Landlord were separately insured;

(ii) all risks property insurance in respect of fire and such other perils are from time to time in the usual extended coverage endorsement covering the Tenant's leasehold improvements or alterations (to the extent the same have not become the property of Landlord), trade fixtures, property and the furniture and equipment in the Premises for the full replacement cost thereof;

(iii) workers' compensation insurance and all such other insurance as may be required by applicable law and Employers Liability coverage with a limit of not less than One Million Dollars ($1,000,000); and

(iv) insurance against such other perils and in such amounts as the Landlord may from time to time reasonably require upon not less than ninety (90) days' written notice, such requirement to be made on the basis that the required insurance is customary at the time for prudent tenants of properties similar to the Building and for tenants in a similar business.

Each policy shall contain: (A) a waiver by the insurer of any rights of subrogation or indemnity or any other claim over to which the insurer might otherwise be entitled against the Landlord or the agents or employees of the Landlord, and (B) a cross liability clause.

In the event Tenant fails to provide evidence of insurance required to be provided by Tenant hereunder, Landlord shall be authorized (but not required) to procure such coverage in the amounts stated with all costs thereof to be chargeable to Tenant as Additional Rent, and payable by Tenant upon receipt of written invoice therefor.

Tenant shall not permit any contractor to do any work at or furnish any materials to be incorporated into the Premises without first delivering to Landlord satisfactory evidence of the Contractor's commercial general liability insurance, worker's compensation insurance, automobile insurance and statutory lien bonds each reasonably acceptable to Landlord and complying with any insurance specifications provided by Landlord. Tenant shall also provide and pay for window and plate glass insurance with respect to the Premises (if not otherwise covered by Tenant's property insurance), and Tenant shall provide Landlord with a certificate evidencing such insurance and containing a provision that the same may not be canceled until the insurer endeavors to provide 30 days' prior written notice to Landlord and Tenant shall provide Landlord with such a

certificate prior to the Term Commencement Date and thereafter prior to the expiration of any such coverage. All insurance requirements imposed upon Tenant or its contractors under this Lease shall be subject to the further requirement that the forms of coverage and the insurers providing the insurance be authorized to conduct business in the Commonwealth of Massachusetts, be in sound financial condition and carry an A-/VIII or better Best's rating. Tenant agrees that Landlord shall not be responsible or liable to Tenant, or to those Persons claiming by, through or under Tenant, for any loss or damage that may be occasioned by or through the acts or omissions of Persons occupying or using adjoining premises or any part of Landlord's Property, or otherwise, or for any loss or damage resulting to Tenant or those Persons claiming by, through or under Tenant, or its or their property, except that to the extent required by applicable Massachusetts law, the foregoing shall not exculpate Landlord from its own negligent acts or omissions or willful misconduct.

Section 7.10 Landlord's Access

. Landlord and its representatives shall have the right without charge to it and without reduction in Base Rent or Additional Rent, at reasonable times, with reasonable notice, and in such manner as shall not unreasonably interfere with Tenant's business, to enter the Premises for any reasonable purpose (including, without limitation, showing the Premises to prospective purchasers, lenders and, during the last 12 months of the Lease Term, tenants) and, if Landlord so elects, to make entry for the purpose of investigating repair or maintenance problems and to make such repairs or changes as Landlord deems advisable, and to maintain, use, repair, replace, relocate or introduce pipes, ducts, wires, meters and any other Landlord's fixtures serving or to serve the Premises or other parts of Landlord's Property, or to maintain or repair any portion of Landlord's Property or Landlord's Equipment, and, in case of an emergency, whether resulting from circumstances in the Premises or elsewhere in Landlord's Property, Landlord or its representatives may enter the Premises (forcibly, if necessary) at any time to take such measures as may be needed to cope with such emergency. Such access shall include, but not be limited to, the right to open floors, walls, ceilings, and building systems for the foregoing purposes. Subject to the following sentence, Tenant shall have the right to have an escort during such access by Landlord or its representatives provided that such escort shall be made available within three (3) hours of Landlord's verbal, written and/or email request (and Landlord may access the Premises without such escort, but otherwise in compliance with this section, if no escort is made available following such 3-hour period). The foregoing notwithstanding, no Tenant escort shall be required for such access by Landlord or its representatives in the event of an emergency and/or an urgent maintenance or repair matter (as reasonably determined by Landlord).

Section 7.11 No Liens

. Tenant shall not permit any mechanics', laborers' or materialmen's liens to stand against Landlord's Property, Landlord's Equipment or Tenant's interests in the Premises, this Lease, or the estate created hereby for any labor or materials furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed in or on the Premises by or at the direction or sufferance of Tenant.

Section 7.12 Compliance with Rules and Regulations

. Tenant covenants that all Invitees of Tenant will comply with the Rules and Regulations. Landlord, however, shall have the reasonable right to change the Rules and Regulations and to waive any one or more of them in the case of any one or more tenants; provided that any changes or modifications to the Rules and Regulations shall be reasonable and of uniform applicability to all tenants of the Building, and provided that the Rules and Regulations will generally be enforced in a non-discriminatory manner with respect to similarly situated tenants. In the event of any conflict between the terms of this Lease and any changes or modifications to the Rules and Regulations attached hereto, the terms of this Lease shall control.

ARTICLE VIII.
SUBLETTING AND ASSIGNMENT

Section 8.1 Subletting and Assignment

.

(a) Except as hereinafter set forth, Tenant shall not assign, mortgage, pledge or encumber this Lease nor sublet all or any part of the Premises, nor permit or allow the use of all or any part of the Premises by any person other than Tenant and its employees, without, on each occasion, obtaining Landlord's written consent thereto. As used herein, the term "assign" or "assignment" shall be deemed to include, without limitation: (i) any transfer of Tenant's interest in this Lease by operation of law or the merger or consolidation of Tenant with or into any other firm or corporation; or (ii) the transfer or sale of a controlling interest in Tenant.

(b) (i) Except in the case of a Permitted Transferee, for which Landlord's consent will not be required, but written notification will be provided, Landlord will not unreasonably withhold, condition or delay its consent to any sublease of all or any part of the Premises, so long as (A) the subtenant and its proposed use is of a character consistent with the operation of a building of the same class as the Building; (B) the subtenant's

proposed use is permitted under the terms of this Lease; (C) the subtenant is qualified to do business in the Commonwealth of Massachusetts and has all applicable permits and licenses to do business from the Premises; (D) Tenant pays to Landlord all of Landlord's reasonable expenses actually arising out of such sublease, including, without limitation, reasonable attorneys' fees; (E) there does not then exist an Event of Default and no Event of Default will be created as a result of the proposed sublease or the proposed use by the subtenant; (F) each of Landlord's mortgagees has consented in writing to such sublease if such mortgagee's consent is required pursuant to the terms of the applicable financing documents (and Landlord will use commercially reasonable efforts to obtain such consent); (G) the proposed sublease prohibits any assignment of the sublease or any sub-sublease of any portion of the Premises without the prior written consent of Landlord, which consent may be granted or denied in Landlord's reasonable discretion; (H) the proposed sublease will not cause Landlord to be in default under any then-existing lease, license or other occupancy agreement regarding the Landlord's Property (including without limitation pursuant to any anti-competition or prohibited use provisions therein).

(ii) Except in the case of a Permitted Transferee, for which Landlord's consent will not be required, but written notification will be provided, Landlord will not unreasonably withhold, condition or delay its consent to an assignment of this Lease, so long as (A) the assignee and its proposed use is of a character consistent with the operation of a first class office and/or laboratory building; (B) the assignee's proposed use is permitted under the terms of this Lease; (C) the assignee is qualified to do business in the Commonwealth of Massachusetts and has all applicable permits and licenses to do business from the Premises; (D) Tenant pays to Landlord all of Landlord's reasonable expenses actually arising out of such assignee, including, without limitation, attorneys' fees; (E) there does not then exist an Event of Default and no Event of Default will be created as a result of the proposed assignment or the proposed use by the assignee; and (F) each of Landlord's mortgagees has consented in writing to such assignment if such mortgagee's consent is required pursuant to the terms of the applicable financing documents; (G) the proposed assignment will not cause Landlord to be in default under any then-existing lease, license or other occupancy agreement regarding the Landlord's Property (including without limitation pursuant to any anti-competition or prohibited use provisions therein) and (I)

No assignment, sublease or transfer shall be made to an individual, entity or company engaged in the Generic Drug business.

(c) In the event of an assignment of this Lease, Tenant shall be jointly and severally liable with the new tenant for the payment of any and all Base Rent and Additional Rent which may become due by the terms of this Lease and for the performance of all covenants, agreements and conditions on the part of Tenant to be performed hereunder. If the sublease or assignment is to a party other than a Permitted Transferee, Tenant shall also pay to Landlord 50% of the amount, if any, by which the rent received as a result of the assignment or sublease exceeds the rent payable hereunder on a per square foot basis after deducting the actual direct out-of-pocket costs which are (i) incurred by Tenant for leasing commissions, architectural and/or engineering fees, legal fees, additional tenant improvements paid in connection with such assignment or sublease, tenant improvement allowances, reimbursement obligations or costs incurred in constructing tenant improvements in connection with such sublease or assignment, free rent and/or any other consideration paid or provided by Tenant to the proposed transferee, which shall be depreciated on a straight line basis over the term of the proposed Transfer, and (ii) documented to Landlord's reasonable satisfaction by invoices, contracts, canceled checks and the like, such costs to be amortized on a straight-line basis over the then remaining term of this Lease. No such assignment or sublease shall be valid or effective unless and until (i) the new tenant and Tenant execute and deliver to Landlord an agreement, in such form as Landlord may reasonably prescribe, pursuant to which, inter alia, such new tenant (A) assumes all of the obligations of Tenant under this Lease accruing from and after the effective date of the assignment if such transaction is an assignment of this Lease, (B) agrees to execute and deliver such estoppel certificates and subordination agreements as may be reasonably required by Landlord, (C) if a sublease, acknowledges that Landlord has no obligations to the subtenant under this Lease, the sublease or otherwise, and (D) agrees to maintain the same insurance coverages as the insurance coverages

which Tenant is required to maintain under this Lease and to provide evidence thereof satisfactory to Landlord when requested; and (ii) the new tenant delivers to Landlord evidence, in form and substance satisfactory to Landlord, of the insurance coverages required to be maintained by such new tenant under the agreement referenced in clause (i) above. No modification of the terms of this Lease or any course of dealing between Landlord and any assignee or sublessee of Tenant's interest herein shall operate to release or impair Tenant's obligations hereunder.

(d) In the event that Tenant seeks Landlord's consent to an assignment of this Lease other than to a Permitted Transferee or a sublease of 50% or more of the Premises other than to a Permitted Transferee, Landlord, at its option, may terminate this Lease (or if the request is for a sublease of less than all of the Premises, but for all of the remaining term, at Landlord's option, Landlord may terminate this Lease as to the portion requested to be sublet and Landlord and Tenant shall execute an amendment to this Lease to modify the Premises and to adjust Base Rent and Tenant's Share based upon the approximate remaining leasable square footage to the Leasable Square Footage of the Building); provided that if Landlord exercises such option, Tenant may, by written notice given to Landlord within five days after Landlord gives Tenant written notice of exercise of such option, defeat such exercise by withdrawing the request for Landlord's consent to the proposed assignment or sublease and terminating the proposed assignment or sublease. In the event of any such termination, Landlord may enter into a new lease with the proposed assignee or sublessee or any other party on any terms and provisions acceptable to Landlord in Landlord's sole discretion for the Premises or the portion of the Premises released from this Lease

(e) Tenant shall not enter into any arrangements with any subtenant or assignee to circumvent, or which have the effect of circumventing any provisions of this Article VIII.

ARTICLE IX.
RIGHTS OF MORTGAGEES AND GROUND LESSORS; ESTOPPEL CERTIFICATES

Section 9.1 Subordination to Mortgages and Ground Leases

. Landlord represents that, as of the date of this Lease, no mortgage encumbers all or any part of Landlord's Property. Provided that such mortgagee delivers to Tenant a subordination, non-disturbance and attornment agreement on such mortgagee's standard form consistent with commercial practices within the real estate industry, Tenant agrees that this Lease shall be subordinate to the lien of any future mortgage or mortgages, or ground lease, upon Landlord's Property, irrespective of the time of execution or time of recording of any such mortgage or mortgages, or ground lease, and to all renewals, extensions, and modifications therefor or amendments thereto. Tenant agrees that it will, upon five (5) business days' advance written request from Landlord or any holder of a mortgage on all or a portion of Landlord's Property or the ground lessor thereof, execute, acknowledge, and deliver any and all commercially reasonable instruments reasonably deemed necessary or desirable by Landlord, or such holder to give effect to, or notice of, such subordination.

Section 9.2 Lease Superior at Mortgagee's or Ground Lessor's Election

. At the request in writing of any mortgagee, or ground lessor, of Landlord's Property, this Lease shall be deemed superior to such mortgage, or ground lease, whether this Lease was executed before or after such mortgage, or ground lease, and Tenant shall execute such documents to effect the foregoing in recordable form as such mortgagee, or ground lessor, shall reasonably request.

Section 9.3 Notice to Mortgagee and Ground Lessor

. Upon receipt of a written request from Landlord or any holder of a mortgage, on all or any part of Landlord's Property, or the ground lessor thereof, Tenant will thereafter send any such holder copies of all notices of default or termination given by Tenant to Landlord in accordance with any provision of this Lease. In the event of any failure by Landlord to perform, fulfill or observe any agreement by Landlord herein or any breach by Landlord of any representation or warranty of

Landlord herein, any such holder may at its election cure such failure or breach for and on behalf of Landlord within the time provided herein for Landlord to cure the same.

Section 9.4 Limitations on Obligations of Mortgagees, Ground Lessors and Successors

. Tenant agrees that the holder of a mortgage or ground lease or any successor-in-interest to any of them or to Landlord shall not be: (a) bound by any payment of an installment of Base Rent or Additional Rent which may have been made more than 30 days before the due date of such installment; (b) bound by any amendment or modification to this Lease made without the consent of the holder of a mortgage or ground lease or such successor in interest (to the extent such consent is required by such mortgage, ground lease or documents executed by Landlord and/or Tenant in connection with the same); (c) liable for any previous act or omission of Landlord (or its predecessors in interest) except for a non-monetary default by such Landlord under the Lease that began prior to such holder's succession-in-interest, is ongoing and continuing following such succession event, is susceptible of being cured and for which Tenant has provided such holder with notice as may be required hereunder or under any separate agreement with such holder; (d) responsible for any monies owing by Landlord to the credit of Tenant or subject to any credits, offsets, claims, counterclaims, demands or defenses which Tenant may have against Landlord (or any of its predecessors in interest); (e) bound by any covenant to undertake or complete any construction of the Premises or any portion thereof; or (f) obligated to make any payment to Tenant other than any security deposit actually delivered to holder of a mortgage or ground lease or such successor in interest. Further, Tenant agrees that it will not seek to terminate this Lease by reason of any act or omission of Landlord until Tenant shall have given written notice of such act or omission to the holder of such mortgage or ground lease (at such holder's last address furnished to Tenant) and following the giving of such notice such holder shall have the right, but shall not be obligated, to remedy such act or omission within 20 business days after the time period provided for in this Lease for Landlord to cure the same or, if such cure cannot reasonably be completed with such period, such longer period as may be reasonably necessary to cure the same provided that such party commences such cure within said 20 business day period and diligently prosecutes such cure to completion; provided, however, the total period provided for such cure shall in no event exceed sixty days. Tenant shall enter into a written agreement confirming the foregoing from time to time upon written request from Landlord and/or the holder of a mortgage or ground lease on Landlord's Property.

Section 9.5 Estoppel Certificates

. Each party ("Responding Party") agrees, at any time and from time to time, within ten business days after written request by the other party ("Requesting Party") or any holder of a mortgage on all or a portion of Landlord's Property or the ground lessor thereof, to execute, acknowledge and deliver to the Requesting Party a statement in writing certifying that (except as may be otherwise specified by the Responding Party): (i) this Lease is presently in full force and effect and unmodified; (ii) Tenant has accepted possession of the Premises; (iii) any improvements required by the terms of this Lease to be made by Landlord have been completed to the satisfaction of Tenant; (iv) no rent under this Lease has been paid more than 30 days in advance of its due date; (v) the addresses for notices to be sent to the Responding Party is as set forth in this Lease or as specified in such certificate; (vi) to the best of the knowledge of the Responding Party, Tenant as of the date of executing the certificate has no charge, lien or claim of offset under this Lease, or otherwise, against rents or other charges due or to become due hereunder; (vii) to the best of the knowledge of the Responding Party, the Responding Party is not in default under this Lease; and (viii) such other factual information as the Requesting Party may reasonably request about this Lease or Tenant's occupancy to the extent that the same is in the possession of the Responding Party and may be responded to without incurring any out-of-pocket costs.

ARTICLE X.
CASUALTY

Section 10.1 Damage From Casualty

. If any material portion of the Premises or the Building affecting Tenant's use of the Premises is damaged by fire or other casualty, Tenant shall give Landlord written notice of such casualty in the Premises promptly after Tenant becomes aware of such casualty. Within 30 days after

Tenant gives Landlord written notice of such casualty, Landlord shall reasonably estimate, and give Tenant written notice of, the period commencing with the date of such notice (the "Restoration Period") that Landlord anticipates will be reasonably required to perform the restoration work which is the responsibility of Landlord as provided below. If Landlord reasonably estimates that the Restoration Period will be longer than 90 days, or if such casualty occurs during the final six (6) months of the Lease Term and Tenant does not elect to exercise a right to extend the Lease Term, if any, then either Landlord or Tenant may terminate this Lease by giving to the other written notice of termination within ten days after Landlord gives Tenant written notice of such estimate. Such notice of termination shall be effective on the date thereof, and if Tenant is then occupying the Premises, Tenant shall thereafter have a reasonable period of time in which to vacate the Premises. If (i) Landlord reasonably estimates that the Restoration Period will be 90 days or shorter, or (ii) Landlord reasonably estimates that the Restoration Period will be longer than 90 days but neither Landlord nor Tenant exercises its right to terminate this Lease as set forth above, then this Lease shall not terminate; and in such event, Landlord shall, unless Landlord exercises its termination right pursuant to Section 10.3, with reasonable dispatch, repair or rebuild the Premises to the condition thereof as of the Term Commencement Date (subject, however, to Legal Requirements then in existence), and Tenant shall, forthwith after the completion of Landlord's Restoration Work, repair or rebuild the Premises to substantially its condition immediately before the occurrence of the casualty.

Section 10.2 Abatement of Rent

. In the event that the provisions of Section 10.1 shall become applicable, the Base Rent and Additional Rent shall be abated or reduced proportionately during any period in which, by reason of any such damage or destruction, there is substantial interference with the operation of the business of Tenant in the Premises, having regard to the extent to which Tenant may be required to discontinue its business in the Premises, and such abatement or reduction shall continue (but may be reasonably adjusted from time to time based on the extent of the interference with Tenant's operations) for the period commencing with such destruction or damage and ending on the earlier to occur of (i) the date on which Tenant commences business operations in the Premises or the portion thereof affected by the casualty and (ii) the date that is 60 days after substantial completion by Landlord of the restoration work to be performed by Landlord under Section 10.1 above, with respect to the Office Premises and 120 days after such substantial completion with respect to the Laboratory Premises.

Section 10.3 Landlord's Right to Terminate

. Notwithstanding the foregoing, Landlord may terminate this Lease following: (a) damage or destruction to the Building or Premises to the extent of 50% or more of the cost of replacement thereof; or (b) the refusal of the applicable insurance carrier to pay funds sufficient for the cost to repair or replace, less any applicable deductible. Landlord may exercise the right to so terminate this Lease by written notice to Tenant given within 60 days after the date of the damage or 60 days after the date Landlord receives written notice of such damage, whichever is later. Such notice of termination shall be effective on the date thereof, and if Tenant is then occupying the Premises, Tenant shall thereafter have a reasonable period of time in which to vacate the Premises.

ARTICLE XI.
EMINENT DOMAIN

Section 11.1 Eminent Domain; Right to Terminate and Abatement in Rent

. If the Premises or any part thereof, or the whole or any substantial part of Landlord's Property, shall be taken, or if a conveyance shall be made in anticipation thereof, for any street or other public use, by action of the municipal, state, federal or other authorities, or shall receive any substantial direct or consequential damage for which Landlord or Tenant shall be entitled to compensation by reason of anything lawfully done in pursuance of any public authority, after the execution hereof and before the expiration of the Lease Term, then this Lease and the Lease Term shall terminate at the election of Landlord or Tenant (given by written notice to the other within 90 days of the taking or within 90 days of notice of the taking to Landlord), and such election may be made in case of any such taking notwithstanding the entire interest of Landlord may have been divested by such taking; and if neither Landlord

nor Tenant so elects, then in case of any such taking or destruction of, or damage to, the Premises, rendering the same or any part thereof unfit for use and occupation, a just proportion of the Base Rent hereinbefore reserved according to the nature and extent of the injury sustained by the Premises as reasonably determined by Landlord, shall be suspended or abated until the Premises or, in case of such taking, what may remain thereof, shall have been put in proper condition for use and occupation. To the extent that the Premises, upon having been put in proper condition for use and occupation are smaller than before such taking, the Base Rent hereinbefore reserved shall be reduced for the balance of the Lease Term in the same proportion which the reduction in space bears to the original Leasable Square Footage of the Premises. In the event of a taking of any portion of the Building, Tenant's Share shall be recomputed.

Section 11.2 Restoration

. If this Lease is not terminated as provided in Section 11.1, Landlord shall apply so much of the available proceeds of the eminent domain award as are required to restore Landlord's Property and the Premises to a condition, to the extent practical, substantially the same as that immediately preceding the taking, but subject to zoning laws and building codes then in existence. If the available proceeds of the eminent domain award are insufficient, in Landlord's judgment, for that purpose, Landlord shall (i) notify Tenant within thirty (30) days following notification of such award, (ii) have no obligation to expend funds in excess of said proceeds and (iii) have the right to select which portions of Landlord's Property, if any, shall be restored, by notice to Tenant. Tenant shall have the right in its sole discretion within thirty (30) days following notification from Landlord that Landlord does not intend to restore the Premises in its entirety to terminate this Lease by notice to Landlord. The term "available proceeds" means the amount of the award paid to Landlord, less cost of obtaining the same (including attorneys' fees and appraisal fees) and less the amount thereof required to be paid to a mortgagee or ground lessor.

Section 11.3 Landlord to Control Eminent Domain Action

. Landlord reserves all rights to compensation for damage to the Premises or any part thereof, or the leasehold hereby created, heretofore accrued or hereafter to accrue, by reason of any taking for public use of said Premises or any portion thereof, or right appurtenant thereto, or privilege or easement in, through, under or over the same, and by way of confirmation of the foregoing Tenant hereby assigns all rights to such damages heretofore accrued or hereafter accruing during the Lease Term to Landlord. Provided, however, nothing herein contained shall limit Tenant's right to any separate award for the taking of personal property, the cost of leasehold improvements installed in the Premises by Tenant to the extent such unamortized cost exceeds the Tenant Improvement Allowance and, if applicable, Landlord's Additional Contribution, moving expenses, or other items the payment of which shall not reduce the award payable to Landlord.

ARTICLE XII.
DEFAULT AND REMEDIES

Section 12.1 Event of Default

. As used herein, "Event of Default" means the occurrence and/or existence of any one or more of the following: (a) (i) Tenant shall fail to pay any installment of Base Rent, Additional Rent or any other monetary amount due under this Lease on or before the date on which the same becomes due and payable, and such failure continues for five business days after written notice from Landlord thereof or (ii) Landlord having given the written notice specified in the foregoing clause (i) to Tenant twice in any 12 month period, Tenant shall fail, on a third occasion within the 12 months following the giving of the first such notice by Landlord, to pay any installment of Base Rent, Additional Rent or any other monetary amount due under this Lease on or before the date on which the same becomes due and payable; or (b) Tenant shall neglect or fail to perform or observe any of the other covenants or undertakings herein on its part to be performed or observed and such neglect or failure shall continue for 30 days after written notice to Tenant; provided that if the default is other than a default under clause (a) above, or clauses (c) through (h) below, and is such that it cannot be cured within 30 days, but is capable of being cured, such 30 day period shall be extended by up to 60 additional days provided that Tenant commences to cure such default within said 30 day period, continues to do so diligently, and thereafter completes such cure within not more than 90 days following

the notice of default; or (c) there is filed by Tenant any case, petition, proceeding or other action under any Bankruptcy Law; or (d) any other proceedings shall be instituted against Tenant under any Bankruptcy Law and not be dismissed within 60 days; or (e) Tenant shall execute an assignment of its property for the benefit of its creditors; or (f) a receiver, custodian or other similar officer for Tenant shall be appointed and not be discharged within 60 days; or (g) the estate hereby created shall be taken by execution or by other process of law and is not redeemed by Tenant within 60 days thereafter; or (h) an assignment or sublease in violation of the terms of this Lease.

Section 12.2 Landlord's Remedies

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(a) Upon the occurrence of an Event of Default, Landlord may, immediately or at any time thereafter (notwithstanding any license or waiver of any former breach or waiver of the benefit hereof, or consent in a former instance), and enter the Premises or any part thereof and repossess the same as of its former estate in accordance with law, or terminate this Lease by written notice to Tenant, and in either event expel Tenant and those claiming through or under it and remove their effects (forcibly, if necessary) in compliance with law without being deemed guilty of any manner of trespass and without prejudice to any remedy which might otherwise be used for arrears of Base Rent or Additional Rent or breach of covenant, and upon entry or written notice of termination, or automatic termination, both as aforesaid, this Lease shall terminate and Landlord, in addition to all other remedies which it may have at law or equity, and not in limitation thereof, shall have the remedies provided in this Article XII. No termination of this Lease and/or repossession of the Premises pursuant to this Section 12.2(a) shall relieve Tenant of its obligations under this Lease, which shall survive such termination or repossession.

(b) From the termination of this Lease pursuant to Section 12.2(a) through the remainder of the Lease Term, until such time, if any, that Landlord exercises its right pursuant to Section 12.2(c), Tenant shall pay to Landlord the Base Rent and Additional Rent in installments as and when the same become due and payable, subject to reduction by any rent and additional rent actually received by Landlord as a result of a re-letting of the Premises (net of the reasonable costs of re-letting, including remodeling costs, brokerage commissions and reasonable attorneys' fees). Landlord shall exercise commercially reasonable efforts to re-let the Premises to mitigate damages, and Landlord may re let the Premises or any part or parts thereof for a term or terms which may, at Landlord's option, be less than or exceed the period which would otherwise have constituted the balance of the Lease Term and may grant concessions or free rent. The good faith failure of Landlord to re let the Premises or any part or parts thereof, or, if the Premises are re let, the good faith failure to collect the rents due under such re letting, shall not release or affect Tenant's liability for damage so long as Landlord does not act arbitrarily or capriciously. Any suit brought to collect the amount of deficiency for any month or other period shall not prejudice in any way the right of Landlord to collect the deficiency for any subsequent month or period by a similar proceeding. Landlord, at Landlord's option, may make such alterations, repairs, replacements and decorations to the Premises as Landlord in Landlord's sole but reasonable judgment considers advisable and necessary for the purpose of re letting the Premises, and the making of such alterations or decorations shall not operate or be construed to release Tenant from liability hereunder.

(c) At Landlord's option exercisable by written notice given to Tenant upon or after the termination of this Lease pursuant to Section 12.2(a), Tenant shall forthwith pay to Landlord as damages, in addition to all sums which were due prior to the exercise of such option by Landlord, a sum equal to the amount by which the Base Rent and Additional Rent for the remainder of the Lease Term exceeds the fair rental value of the Premises determined as of the termination date for the remainder of the Lease Term, discounted to present value at the then-applicable federal discount rate. For the purposes of computing damages payable pursuant to this Section 12.2(c), the annual Additional Rent with respect to Taxes, Insurance Costs and Operating Costs for the remainder of the Lease Term will be assumed to be such Additional Rent for the most recently ended fiscal, calendar or lease year, as the case may be.

Section 12.3 Reimbursement of Landlord

. In the event of any default by Tenant in the payment of any Base Rent or Additional Rent, Tenant will, in addition to paying Landlord all amounts due under the terms and provisions of this Lease, including, without limitation, Section 12.9, reimburse Landlord for all reasonable expenses incurred by Landlord in collecting such rent or in obtaining possession of, or in re letting the Premises, or in defending any action, including expenses for reasonable counsel fees and commissions. Tenant further agrees that, if on termination of this Lease by expiration or otherwise, Tenant shall fail to remove any of its property from the Premises as provided for herein, Landlord shall be authorized, in its sole option, and in Tenant's name and on its behalf, either (a) to cause such property to be removed and placed in storage for the account and at the expense of Tenant; or (b) to sell such property at public or private sale, with or without notice, and to apply the proceeds thereof, after the payment of all expenses of removal, storage and sale, to the indebtedness, if any, of Tenant to Landlord, the surplus, if any, to be paid to Tenant; prior to the removal of such property Landlord may charge Tenant a fair rental amount for the storage of such property. All sums payable by Tenant under this Article XII shall be deemed Additional Rent.

Section 12.4 Landlord's Right to Perform Tenant's Covenants

. Tenant covenants and agrees that, if it shall at any time fail to make any payment or perform any other act on its part to be made or performed as in this Lease provided, then Landlord, in its sole discretion may after due notice to, or demand upon, Tenant and subject to the limitations set forth below, make any payment or perform any other act on the part of Tenant to be made and performed as in this Lease provided, in such manner and to such extent as Landlord may reasonably deem desirable, and in exercising any such rights, Landlord may pay necessary and incidental costs and expenses, employ counsel, and incur and pay reasonable attorneys' fees. The making of any such payment or the performing of any other act by Landlord pursuant to this Article shall not waive, or release Tenant from, any obligations of Tenant in this Lease contained. All sums so paid by Landlord and all reasonably necessary and incidental costs and expenses in connection with the performance of any such act by Landlord shall, except as otherwise in this Lease expressly provided, be payable to Landlord on demand, and Tenant covenants to pay any such sum or sums promptly, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of the Base Rent. Whenever practicable, Landlord, before proceeding as provided in this Section 12.4, shall give Tenant notice in writing of the failure of Tenant which Landlord proposes to remedy, and shall allow Tenant such length of time as may be reasonable in the circumstances, consistent with any grace periods contained herein, but not exceeding 30 days from the giving of notice, to remedy the failure itself and, if Tenant shall not remedy the failure in the time so allowed, Landlord shall be deemed to have given "due notice" and may proceed as provided in this Section 12.4; provided that nothing in this Section shall prevent Landlord from acting without notice to Tenant in case of any emergency wherein there is danger to property or person or where there may exist any violation of legal requirements including but not limited to the presence of Hazardous Materials, in which event no notice shall be required.

Section 12.5 Cumulative Remedies

. The specified remedies to which Landlord may resort under the terms of this Lease, or under the provisions of applicable law, are cumulative and not intended to be exclusive of any other remedies or means of redress to which Landlord may be lawfully entitled in case of any breach or threatened breach by Tenant of any provisions of this Lease. The failure of Landlord to insist in any one or more cases upon the strict performance of any of the covenants of this Lease or to exercise any option contained herein shall not be construed as a waiver or a relinquishment for the future of such covenant or option. Receipt by Landlord of any Base Rent or Additional Rent payment with knowledge of the breach of any covenants hereof shall not be deemed a waiver of such breach. No waiver by Landlord or Tenant of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by the waiving party. In addition to the other remedies provided in this Lease, Landlord shall be entitled to restraint by injunction of any violation or attempted or threatened violation of any of the covenants, conditions or provisions of this Lease.

Section 12.6 Expenses of Enforcement

. Tenant agrees to pay all reasonable expenses and reasonable attorneys' fees incurred by Landlord in enforcing any obligation or any remedies hereunder including, without

limitation, in connection with collection of Base Rent or Additional Rent, recovery by Landlord of the Premises, or in any litigation in which Landlord shall become involved by reason of any act or negligence of Tenant's Invitees or any breach of this Lease by Tenant.

Section 12.7 Landlord's Default

. Landlord shall not be deemed to be in default hereunder unless such default shall remain uncured for more than 30 days following written notice from Tenant to Landlord specifying the nature of such default, or, if such cure cannot reasonably be completed within such period, such longer period as may be reasonably required to correct such default provided that Landlord commences such cure within said 30 day period and diligently prosecutes such cure to completion. In no event whatsoever shall Landlord be liable for consequential or any indirect damages. The provisions of this Section 12.7 are further subject to the provisions of Articles X and XI dealing with eminent domain and fire and other casualty.

Section 12.8 Limitation of Landlord's Liability

. The obligations of Landlord hereunder shall be binding upon Landlord and each succeeding owner of Landlord's interest hereunder only during the period of such ownership, and Landlord and each succeeding owner shall have no liability whatsoever except for its obligations during each such respective period. Tenant hereby agrees for itself and each succeeding holder of Tenant's interest, or any portion thereof, hereunder, that any judgment, decree or award obtained against Landlord or any succeeding owner of Landlord's interest, which is in any manner related to this Lease, the Premises or Tenant's use and occupancy of the Premises or the Common Areas, or the remainder of Landlord's Property, whether at law or in equity, shall be satisfied out of Landlord's equity in the land and buildings then comprising Landlord's Property owned by Landlord to the extent then owned by Landlord and the proceeds from Landlord's Property and such succeeding owner, and further agrees to look only to such assets and to no other assets of Landlord, or such succeeding owner, for satisfaction. Except in the event such Person is a guarantor of Tenant's obligations under this Lease, no Person executing this Lease on behalf of Landlord or Tenant, nor any limited partner, or any officer, director, employee, member, trustee, beneficiary, or other owner of Landlord or Tenant, nor of any subsequent Landlord or Tenant shall have any personal liability hereunder. The remedies provided to Tenant in this Lease are exclusive, and Landlord will not be liable under any theory of recovery, whether based on contract, tort or otherwise.

Section 12.9 Late Payment and Administrative Expense

. If Tenant shall fail to pay Base Rent, Additional Rent or other charges when due and payable under this Lease, such unpaid amounts shall bear interest from the due date thereof to the date of payment at the lesser of (a) a rate per annum equal to 3% plus the prime rate of Bank of America, N.A. (or any successor), in effect on the day the payment became due and subject to change thereafter or (b) the maximum rate permitted by applicable law. In addition, if Landlord is required to redeposit any check which is returned for insufficient funds or if Tenant shall fail to pay Base Rent, Additional Rent or other charges on or before the date on which the same become due and payable, then Tenant shall also pay to Landlord an administrative expense charge of 5% of the amount thereof. The provisions of this Section 12.9 shall not be construed to relieve Tenant of the obligation to pay Base Rent, Additional Rent and all other charges when due under this Lease and shall be in addition to and not in limitation of Landlord's other remedies as provided for in this Lease.

Section 12.10 Limitation of Tenant's Liability. Notwithstanding anything in this Lease to the contrary, except as provided in Sections 5.3, 5.4 and 13.9, in no event whatsoever shall Tenant be liable to Landlord for consequential or indirect damages arising under this Lease.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

Section 13.1 Brokers

. Tenant represents that it has not dealt with any Person in connection with the Premises or the negotiation or execution of this Lease other than officers, employees and attorneys of Landlord and Brokers. Tenant shall indemnify and save harmless Landlord from and against all claims, liabilities, costs

and expenses incurred as a result of any breach of the foregoing representation by Tenant. Landlord represents that it has not dealt with any Person in connection with the Premises or the negotiation or execution of this Lease other than officers, employees and attorneys of Tenant and Brokers. Landlord shall indemnify and save harmless Tenant from and against all claims, liabilities, costs and expenses incurred as a result of any breach of the foregoing representation by Landlord. The broker's fees payable to Brokers for this Lease shall be payable by Landlord subject to and in accordance with the terms of a separate agreement between Landlord and Broker, and Landlord shall indemnify, defend and hold Tenant harmless from and against any liability in connection therewith.

Section 13.2 Quiet Enjoyment

. Tenant shall, so long as no Event of Default exists, peaceably and quietly have and hold the Premises without hindrance or molestation by any Person or Persons lawfully claiming by, through or under, Landlord, subject, however, to the terms of this Lease.

Section 13.3 Security Deposit

(a) It shall be a condition precedent to the effectiveness of this Lease that Tenant shall deliver to Landlord, together with Tenant's execution and delivery of this Lease, the Security Deposit in the form of an irrevocable letter of credit (the "Letter of Credit") pursuant to the provisions of paragraphs (b) and (c) below. The Security Deposit shall be held as security for the performance of Tenant's obligations. The Security Deposit is not an advance payment of Rent or a measure of damages. Landlord may use all or a portion of the Security Deposit to cure any Event of Default by Tenant and/or reimburse Landlord for amounts due to and/or damages sustained by Landlord arising from any Event of Default. If Landlord uses any portion of the Security Deposit, Tenant shall, within five (5) days after demand, restore the Security Deposit to its original amount. Landlord may assign the Security Deposit to a successor or transferee that purchases Landlord's Property and, following the assignment, Landlord shall have no further liability for the return of the Security Deposit. In the event Landlord or its successor or transferee pays, on behalf of Tenant, any transfer fee required by the issuer of a Letter of Credit in connection with a transfer of the Letter of Credit, Tenant shall reimburse such transfer fee to Landlord, as additional Rent, within fifteen (15) days of Landlord's invoice therefor.

(b) The Letter of Credit (and any renewals or replacements thereof) shall:

(i) be in the amount of $229,920.00;

(ii) be issued on a form reasonably acceptable to Landlord;

(iii) name Landlord as its beneficiary;

(iv) be transferable by Landlord to Landlord's transferee, without Tenant's approval, should Landlord transfer or convey its interest in Landlord's Property, with any transfer fees being for the account of Tenant;

(v) be drawn on an FDIC insured financial institution reasonably satisfactory to the Landlord and having a minimum corporate credit rating from Standard and Poor's Professional Rating Service of "A" or a comparable minimum credit rating from Moody's Professional Rating Service (Landlord acknowledging that Silicon Valley Bank is acceptable);

(vi) be for a term of not less than one (1) year;

(vii) allow draws on the Letter of Credit at the bank counter of the issuing bank, and/or by overnight courier; and

(viii) expressly provide that the amount thereof may not be reduced by amendment unless and until Landlord shall have provided its written consent to such amendment ((i) - (viii) being referred to herein as the "LOC Criteria").

(c) Tenant agrees that it shall from time to time, as necessary, whether as a result of a draw on the Letter of Credit by Landlord pursuant to the terms hereof or as a result of the expiration of the Letter of Credit then in effect, renew or replace the original and any subsequent Letter of Credit so that a Letter of Credit, in the amount required hereunder, is continuously in effect until a date which is at least thirty (30) days after the Termination Date. If (x) Tenant fails to furnish such renewal or replacement at least thirty (30) days prior to the stated expiration date of the Letter of Credit then held by Landlord, (y) the corporate credit rating of the issuing institution drops below the minimum set forth above (or Silicon Valley Bank drops below a rating of "BBB") and/or (z) if Landlord determines, in its reasonable discretion, that it is reasonably likely that the Letter of Credit shall expire prior to the date Tenant shall surrender possession of the Premises to Landlord in accordance with this Lease, Landlord may draw upon such Letter of Credit and hold the proceeds thereof (and such proceeds need not be segregated) as a cash Security Deposit pursuant to the terms of this Section 13.3. To the extent the Security Deposit is held as cash, the Security Deposit may be commingled with Landlord's general accounts and shall be held by Landlord without liability for interest (unless required by applicable law). Any renewal, replacement or amendment of the original or any subsequent Letter of Credit shall meet the LOC Criteria. If Landlord draws on the Letter of Credit then, within five (5) days following written demand of Landlord, Tenant shall restore the amount available under the Letter of Credit to its original amount by providing Landlord with an amendment to the Letter of Credit evidencing that the amount available under the Letter of Credit has been restored to its original amount. Should Landlord elect to draw upon the Letter of Credit, Tenant expressly waives any rights it might otherwise have to prevent Landlord from drawing on the Letter of Credit and agrees that an action for damages and not injunctive or other equitable relief shall be Tenant's sole remedy in the event Tenant disputes Landlord's claims to any such amounts.

(d) Upon the expiration or earlier termination of this Lease, Landlord shall return any unapplied portion of the Security Deposit to Tenant within thirty (30) days after the later to occur of: (x) the date Tenant surrenders possession of the Premises to Landlord in accordance with this Lease; or (y) the date of expiration or earlier termination of this Lease.

(e) Landlord shall have the right to pledge or assign its interest in the Security Deposit (including the Letter of Credit and proceeds thereof) to any lender holding a security interest in the Premises. No mortgagee or purchaser of any or all of the Building at any foreclosure proceeding brought under the provisions of any mortgage shall (regardless of whether the Lease is at the time in question subordinated to the lien of any mortgage) be liable to Tenant or any other person for any or all of such sums or the return of any Letter of Credit (or any other or additional Security Deposit or other payments made by Tenant under the provisions of this Lease), unless Landlord has actually delivered the Security Deposit (including the Letter of Credit and proceeds thereof), to such mortgagee or purchaser. If requested by any such mortgagee or purchaser, Tenant shall obtain an amendment to the Letter of Credit that names such mortgagee or purchaser as the beneficiary thereof in lieu of Landlord.

Section 13.4 Notices

. Any notice, demand, request or statement required or intended to be given or delivered under the terms of this Lease shall be in writing, shall be addressed to the party to be notified at the address or addresses set forth in the Summary of Basic Terms or at such other address in the continental United States as each party may designate for itself from time to time by notice hereunder, and shall be deemed to have been given, delivered or served upon the earliest of (a) three days following deposit in the U.S. Mail, with proper postage prepaid, certified or registered, return receipt requested, (b) the next business day after delivery to a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement,

satisfactory with such carrier, made for the payment of such fees, or (c) receipt of notice given by personal delivery.

Section 13.5 Waiver of Subrogation

. Landlord and Tenant hereby release each other, to the extent of their respective insurance coverages, from any and all liability for any loss or damage caused by fire, any of the extended coverage casualties, or other casualties insured against, even if such fire or other casualty shall be brought about by the fault or negligence of the party benefited by the release or its agents, provided, however, this release shall be in force and effect only with respect to loss or damage occurring during such time as the policies of fire, extended coverage and other insurance, maintained by the releasing party shall contain a clause, or be subject to a statutory provision, to the effect that such release shall not affect said policies or the right of the releasing party to recover thereunder. Tenant agrees that its fire, extended coverage, and other property insurance policies will include such a clause.

Section 13.6 Entire Agreement; Execution; Time of the Essence and Headings and Table of Contents

. This Lease together with all Exhibits referred to herein and the Summary of Basic Terms, sets forth the entire agreement between the parties hereto and cannot be modified or amended, except in a writing duly executed by the respective parties. This Lease, together with all Exhibits referred to herein and the Summary of Basic Terms, supersedes all previous written and oral negotiations, understandings and agreements regarding the subject matter of this Lease. Neither Landlord nor any Person acting on behalf of Landlord has made any representations to Tenant on which Tenant has relied in entering into this Lease except any representations expressly stated in this Lease. This Lease is executed as a sealed instrument and in multiple counterparts, all copies of which are identical, and any one of which is to be deemed to be complete in itself and may be introduced in evidence or used for any purpose without the production of any other copy. Time is of the essence of the obligations of the parties to be performed within a specific time frame in this Lease. The headings throughout this Lease and the Table of Contents are for convenience of reference only, and shall in no way be held or deemed to define, limit, explain, describe, modify or add to the interpretation, construction or meaning of any provision of this Lease.

Section 13.7 Partial Invalidity

. If any term or condition of this Lease or its application to any Person or circumstance shall to any extent be in violation of or unenforceable under any law, rule, regulation or order (including any court order) now existing or hereafter enacted or entered by any court or other governmental entity having competent jurisdiction (including after all appeals therefrom), the remainder of this Lease, or the application of such term or condition to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and shall be enforceable to the fullest extent not prohibited by law.

Section 13.8 No Waiver

. No assent, express or implied, by a party to any breach of any agreement or condition herein contained on the part of the other party to be performed or observed, and no waiver, express or implied, of any such agreement or condition shall be deemed to be a waiver of or an assent to any succeeding breach of the same or any other agreement or condition; the acceptance by Landlord of Base Rent or Additional Rent due hereunder (whether such payment is made by Tenant or another Person), or silence by Landlord or Tenant as to any breach by Tenant or Landlord, respectively, shall not be construed as waiving any of Landlord's or Tenant's rights hereunder unless such waiver shall be in writing. No payment by Tenant or acceptance by Landlord of a lesser amount than shall be due Landlord from Tenant shall be deemed to be anything but payment on account, and the acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon, or upon a letter accompanying said check, that said lesser amount is payment in full shall not be deemed an accord and satisfaction, and Landlord may accept said check without prejudice to recover the balance due or pursue any other remedy.

Section 13.9 Holdover

. If Tenant remains in the Premises beyond the expiration of this Lease at the end of the Lease Term, or sooner following an early termination as provided for herein, such holding over shall not create any tenancy, but Tenant shall be a daily tenant at sufferance only subject to all of Tenant's obligations set forth herein, but at a daily rate equal to 150% of the Base Rent, then in effect, and Additional Rent and other

charges provided for under this Lease. The acceptance of a purported rent check following termination shall not constitute the creation of a tenancy at will, it being agreed that Tenant's status shall remain that of a daily Tenant at sufferance, at the aforesaid daily rate. Tenant shall also pay to Landlord all damages, if any, sustained by reason of any such holding over; provided, however, that in no event shall Tenant be liable to Landlord for any consequential, punitive, special or exemplary damages arising in connection with such holdover except in the event such holdover extends for more than sixty (60) days following Landlord's delivery to Tenant of a written notice to vacate. Otherwise, such holding over shall be on the terms and conditions set forth in this Lease as far as applicable.

Section 13.10 When Lease Becomes Binding

. The submission of this document for examination and negotiation does not constitute an offer to lease or a reservation or an option for the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement in writing between Landlord and Tenant, and no act or omission of any employee or agent of Landlord shall alter, change or modify any of the provisions hereof.

Section 13.11 No Recordation

. Tenant shall not record this Lease with any registry of deeds or land court, and any recordation of this Lease will be void and constitute an Event of Default under this Lease.

Section 13.12 As Is

. Tenant represents to Landlord that Tenant has leased the Premises after a full and complete examination of the same, and by its execution and delivery of this Lease, Tenant hereby acknowledges that neither Landlord, nor Landlord's agents, has made any representation or promises with respect to the Premises, the Building, or the land upon which it stands, and no rights, easements or licenses are acquired by Tenant, by implication or otherwise, except as may be set forth expressly in this Lease. The execution and delivery of this Lease by Tenant shall be conclusive evidence, as against Tenant, that Tenant accepts the Premises "AS IS", with all faults.

Section 13.13 Financial Statements; Certain Representations and Warranties of Tenant

. From time to time as requested by Landlord, but not more than once in any year, and only if Tenant is not then a publicly traded company, Tenant shall provide to Landlord, any actual or potential mortgagee and any actual or potential ground lessor or any representative of any of the foregoing, copies of Tenant's annual financial statements (audited or reviewed, if available) and quarterly financial statements, all certified as true and correct by Tenant, and, if Tenant is not then a publicly traded company, such other information regarding Tenant's financial condition as Landlord may reasonably request; provided, however, that Landlord shall only request such financial statements if requested by a prospective lender or purchaser or if Tenant requests Landlord's consent to an assignment or sublease. Tenant represents and warrants to Landlord, its successors and assigns that: (a) Tenant is a corporation duly organized and validly existing under the laws of the State of Delaware, and is authorized to transact business in the Commonwealth of Massachusetts; (b) the execution, delivery and performance of this Lease by Tenant has been duly authorized by Tenant; and (c) this Lease is valid and binding upon Tenant and is enforceable against Tenant in accordance with the terms hereof. Landlord represents to Tenant that: (a) Landlord is a limited partnership duly organized and validly existing under the laws of the State of Delaware, and is authorized to transact business in the Commonwealth of Massachusetts; (b) the execution, delivery and performance of this Lease by Landlord has been duly authorized by Landlord; and (c) this Lease is valid and binding upon Landlord and is enforceable against Landlord in accordance with the terms hereof.

Section 13.14 (a) Real Estate Confidentiality

. Tenant acknowledges that the terms under which Landlord has leased the Premises to Tenant, including, without limitation, the rental rate(s), term and other financial and business terms, constitute confidential information of Landlord ("Landlord Confidential Information"). Tenant covenants and agrees to keep the Landlord Confidential Information completely confidential; provided that (a) such Landlord Confidential Information may be disclosed by Tenant to those of

its and its Tenant Affiliate's officers, employees, attorneys, accountants, lenders, real estate brokers, contractors, consultants and financial advisors (collectively, "representatives") who need to know such information in connection with Tenant's use and occupancy of the Premises and for financial reporting and credit related activities (it being understood that Tenant shall inform its representatives of the confidential nature of such Landlord Confidential Information and that such representatives shall be directed by Tenant, and shall each expressly agree, to treat such Landlord Confidential Information confidentially in accordance with the terms of this Section), (b) such Landlord Confidential Information may be disclosed by Tenant to the extent otherwise in the public domain or to the extent required to be disclosed in connection with litigation involving this Lease or the Premises, and (c) unless required by applicable law, any other disclosure of such information may only be made if Landlord consents in writing prior to any such disclosure. In furtherance of and not in limitation of the foregoing, Tenant understands and agrees that during the period of any negotiation of the terms of this Lease, the disclosure of Tenant's possible interest in leasing the Premises and the terms thereof could have a material adverse effect on Landlord's business.

Landlord acknowledges that the financial statements of Tenant and other financial and business information related to Tenant and its business constitute confidential information of Tenant ("Tenant Confidential Information"). Landlord covenants and agrees to keep the Tenant Confidential Information completely confidential; provided that (a) such Tenant Confidential Information may be disclosed by Landlord to those of its officers, employees, attorneys, accountants, lenders and financial advisors (collectively, "representatives") who need to know such information (it being understood that Landlord shall inform its representatives of the confidential nature of such Tenant Confidential Information and that such representatives shall be directed by Landlord, and shall each expressly agree, to treat such Tenant Confidential Information confidentially in accordance with the terms of this Section), (b) such Tenant Confidential Information may be disclosed by Landlord to Landlord's lenders and prospective lenders and to prospective purchasers of Landlord's Property (it being understood that Landlord shall inform its lenders and prospective lenders and purchasers of the confidential nature of such Tenant Confidential Information and that such lenders and prospective lenders and purchasers shall be directed by Landlord, and shall each expressly agree, to treat such Tenant Confidential Information confidentially in accordance with the terms of this Section), and (c) unless required by applicable law, any other disclosure of such information may only be made if Tenant consents in writing prior to any such disclosure.

(b) Non Real Estate Confidentiality.

(i) Each of Tenant and Landlord agrees and acknowledges that it is not granted any rights to use or access any Confidential Information of the other party ("Counterparty Confidential Information") by virtue of this Lease.

(ii) Each party, as the receiving party ("Receiving Party") shall keep all Counterparty Confidential Information confidential and, except with the express prior written consent of the other party ("Counterparty") shall not:

(A) disclose or make available or publish the Counterparty Confidential Information in whole or in part to any third party, except as expressly permitted by this Lease;

(B) copy, reduce to writing or otherwise record the Counterparty Confidential Information;

(C) use, reproduce, transform or store the Counterparty Confidential Information in any retrieval or storage system whatsoever.

(iii) The Receiving Party may disclose Counterparty Confidential Information only to the extent required by law, any governmental order or other legal requirement provided that, to the extent it is legally permitted to do so, it gives the Counterparty as much notice of such disclosure as possible and, where

notice of disclosure is not prohibited and is given in accordance with this Section 13.14(b) Receiving Party takes into account the reasonable requests of the Counterparty in relation to the content of such disclosure. The Receiving Party shall cooperate with the Counterparty to obtain confidential treatment, to the extent possible, with respect to the Counterparty Confidential Information so disclosed.

(iv) The Receiving Party's obligations in relation to Counterparty Confidential Information shall, notwithstanding any earlier termination of the Lease continue in perpetuity.

(v) The Receiving Party shall be liable for any breach by any of its employees, representatives, officers, directors and persons within its control of the restrictions contained in this clause (b) and agrees, at its sole expense, to take reasonable measures to prevent the prohibited or unauthorized disclosure or use of the Counterparty Confidential Information by those persons.

(vi) Without limitation, the Receiving Party shall use at least the same effort and degree of care that it uses to protect its own confidential information of a similar nature from unauthorized use or disclosure, but shall not use less than a commercially reasonable degree of care.

"Counterparty Confidential Information" as herein used shall mean all confidential information or material (however recorded or preserved) disclosed or made available to the Counterparty by the Receiving Party, directly or indirectly, or which in any way as a result of this Lease or the Receiving Party's dealings with the Counterparty or Landlord's Property, including the Tenant's access to the Common Areas, is received by, comes into the possession of, or to the attention of the Receiving Party and any employees, directors, officers, representatives, contractors or advisers of the Receiving Party or persons under the Receiving Party's control including but not limited to:

(AA) any information, (including but not limited to in the form of documents, notes, analyses, studies, samples, drawings, diagrams, designs, flowcharts, databases and models) that would be regarded as confidential by a reasonable business person relating to:

(i) the business, affairs, customers, clients, suppliers, plans, intentions, market opportunities, compounds, candidate drugs or products of the Counterparty and/or persons within its control; and

(ii) the operations, processes, product information, know-how, designs, trade secrets, or software of the Counterparty and/or persons within its control; and

(BB) any information or analysis derived from the Counterparty Confidential Information;

but not including any information that:

(CC) is or becomes generally available to the public (other than as a result of its disclosure by the Receiving Party or its representatives in breach of this Lease), (except that any compilation of otherwise public information in a form not publicly known shall nevertheless be treated as Counterparty Confidential Information);

(DD) was lawfully in the possession of the Receiving Party on a non-confidential basis before the information was disclosed to it by the Counterparty as evidenced by Receiving Party's written records; or

(EE) is developed by the Receiving Party independently of the information disclosed by the Counterparty.

Receiving Party acknowledges that Counterparty may require individual Receiving Party employees to sign an individual confidentiality and non-disclosure agreement to manage intellectual property risks of working in a shared space with Counterparty employees, and such confidentiality and non-disclosure agreement may, without limitation, prohibit Receiving Party employees from disclosing Counterparty Confidential Information to employees of Counterparty.

Section 13.15 Summary of Basic Terms

. The Summary of Basic Terms which is affixed to this Lease sets forth certain basic terms and information which is thereafter referred to in the main text of this Lease. Every reference to the Summary of Basic Terms, or to a particular item thereon, shall have the effect of incorporating the Summary, or the particular item thereof, into the main text of this Lease.

Section 13.16 Jurisdiction and Venue

. As the Premises are located in the Commonwealth of Massachusetts, Tenant agrees that its address for service of process is the address of the Premises or alternatively, with the Secretary of State of the Commonwealth of Massachusetts. In any cause of action arising out of or in connection with the Premises and the terms of this Lease, Tenant hereby submits itself to the jurisdiction of any state or federal court in the Commonwealth of Massachusetts and agrees that any such cause of action shall be governed by the laws of the Commonwealth of Massachusetts and further agrees that any such cause of action prosecuted by Tenant shall only be brought in state or federal courts in the Commonwealth of Massachusetts. This Lease and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.

Tenant and Landlord, each by its duly authorized officer, has signed this Lease as of the date first set forth above.

TENANT:

CERULEAN PHARMA INC. , a Delaware corporation

By: /s/ Christopher D. T. Guiffre
Name:Christopher D. T. Guiffre
Title:President & CEO
Duly Authorized

LANDLORD:

ASTRAZENECA PHARMACEUTICALS LIMITED PARTNERSHIP, a Delaware limited partnership

By: /s/ Matthew D. Arnold
Name:Matthew D. Arnold
Title:VP, Head of Operations
Duly Authorized

EXHIBIT A

PROPERTY DESCRIPTION

The property is a state-of-the-art multi-tenant office, research and development, and laboratory facility located at 35 Gatehouse Drive in Waltham, Massachusetts. It provides spectacular views of the Cambridge Reservoir and is adjacent to over 22 acres of beautiful wooded protected park land in Weston, MA. It is situated directly off of Interstate 95 / Route 128 at Exit 17, neighboring Reservoir Woods, Waltham Woods, and Bay Colony Corporate Center. This location offers excellent proximity to Greater Boston's most desirable residential communities and to the R&D epicenter of Cambridge, world-renowned for the region's best intellectual talent.

The location is a series of interconnecting modern buildings, clad in glass and curtain wall skin that creates a world class destination. It offers tenants leading technology infrastructure. The tenant specific areas for lease are extremely flexible to accommodate a variety of specific research and development tailored to a tenant's needs. Large ribbon windows and incredible natural light also enhance the "universal lab" flexibility and quality of environment. Common areas are spacious, modern, and can provide informal collaboration areas.

EXHIBIT B

SITE PLAN

EXHIBIT C

BUILDING FLOOR PLANS

(showing Premises)

[see attached]

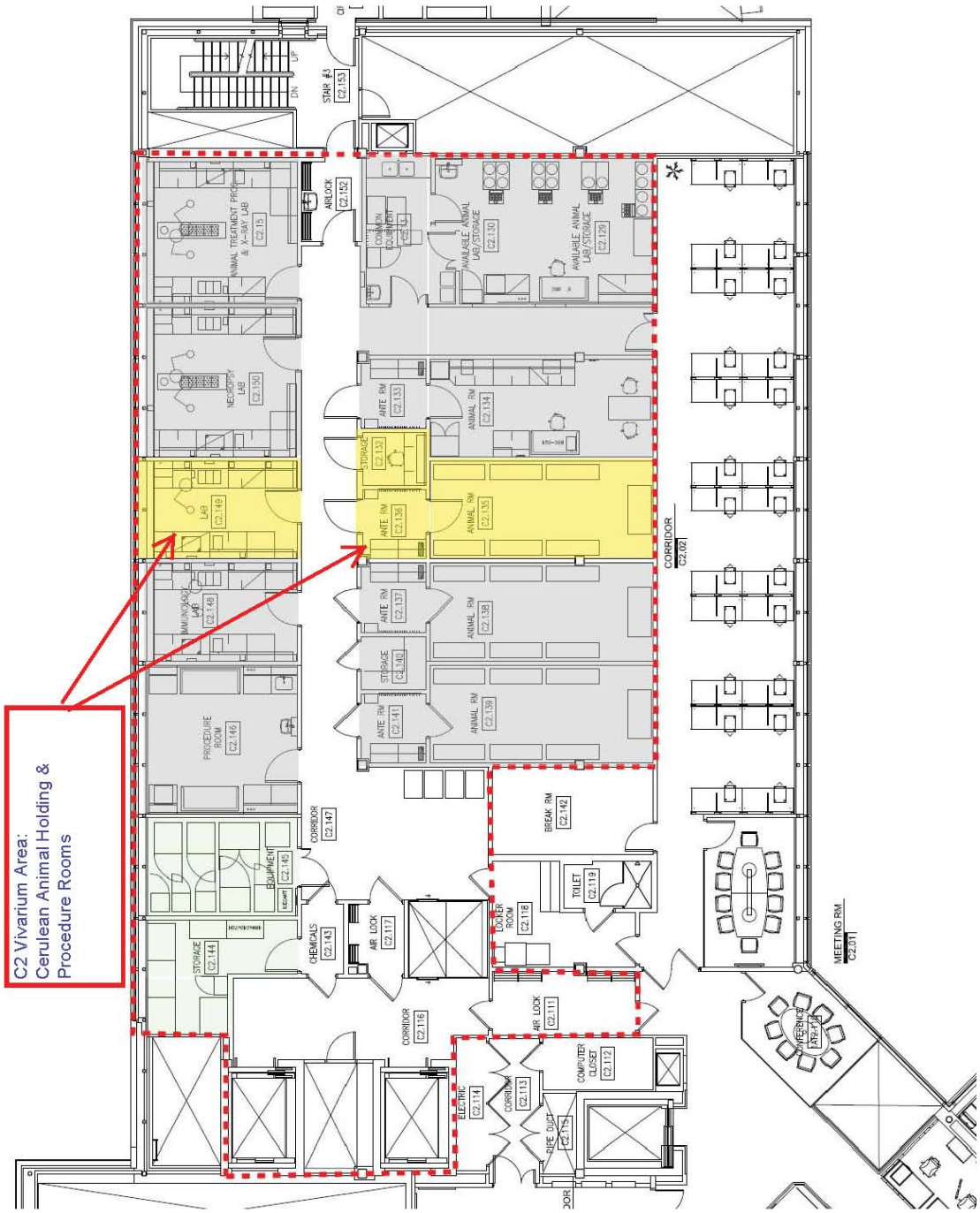

C2 Vivarium Area:
Cerulean Animal Holding &
Procedure Rooms
STAIR #3
C2.153
AIRLOCK
C2.152
ANIMAL TREATMENT PROC & X-RAY LAB
C2.15
COMMON EQUIPMENT
C2.151
AVAILABLE ANIMAL LAB/STORAGE
C2.130
AVAILABLE ANIMAL LAB/STORAGE
C2.129
NECROPSY LAB
C2.150
ANTE RM
C2.133
ANIMAL RM
C2.134
STORAGE
C2.132
LAB
C2.149
ANTE RM
C2.136
ANIMAL RM
C2.135
CORRIDOR
C2.002
IMMUNOLOGY LAB
C2.148
ANTE RM
C2.137
ANIMAL RM
C2.138
STORAGE
C2.140
ANTE RM
C2.141
ANIMAL RM
C2.139
PROCEDURE ROOM
C2.146
BREAK RM
C2.142
CORRIDOR
C2.147
EQUIPMENT
C2.145
TOILET
C2.119
DONOR ROOM
C2.118
CHEMICALS
C2.143
AIR LOCK
C2.117
STORAGE
C2.144
MEETING RM.
C2.01
CONFERENCE AREA
AIR LOCK
C2.111
CORRIDOR
C2.116
COMPUTER CLOSET
C2.112
ELECTRIC
C2.114
CORRIDOR
C2.113
SHOWER
C2.115

EXHIBIT D

RULES AND REGULATIONS

ASTRAZENECA PHARMACEUTICALS LIMITED PARTNERSHIP ("Landlord"), hereby promulgates the rules and regulations (the "Rules and Regulations") set forth below with respect to the use of the office building (the "Building") and related amenities located at and known as 35 Gatehouse Drive, Waltham, Massachusetts (the "Property") by tenants (collectively, the "Tenants," and individually, a "Tenant") of the Building. Office space within the Building leased by a Tenant is called "Premises." The Rules and Regulations are as follows:

1. Sidewalks, doorways, vestibules, stairways, corridors, halls and other similar areas within the common areas of the Property (the "Common Areas") shall not be obstructed by any Tenant or used for any purpose other than ingress and egress to and from the portion of the Property leased by the applicable Tenant and for going from one part of the Property to another part of the Property.

2. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by a Tenant on or to any window, door, corridor or other part of the Building which is visible from outside of the Premises without the prior written consent of Landlord.

3. Landlord will provide and maintain a directory board in a Common Area identifying Tenants. Without the prior written consent of Lender, no Tenant shall be entitled to maintain any other directory or identifying sign in any Common Area.

4. Movement of furniture, office equipment or any bulky material which requires movement through the Common Areas of the Building shall be restricted to such hours as Landlord may designate, and such movement shall be subject to such restrictions as Landlord may reasonably impose.

5. Landlord shall have the authority to limit the weight of, and to prescribe and restrict the positioning and manner of installation of, safes, file cabinets and other heavy equipment.

6. No Tenant shall use, or permit any person making or receiving any delivery to its Premises to use, any hand trucks except those equipped with rubber tires and side guards.

7. All locks for doors in each Tenant's Premises shall be building standard and no Tenant shall place any additional lock or locks on any door in its Premises without Landlord's prior written consent. All requests for duplicate keys shall be made through Landlord and charged to the Tenant. Upon termination of a Tenant's tenancy, the Tenant shall deliver to Landlord all keys to the Tenant's Premises, to interior doors within the Tenant's Premises, to doors within the Common Areas and to exterior Building doors which have been furnished to or obtained by the Tenant.

8. Corridor doors, when not in use, shall be kept closed.

9. Each Tenant shall lock all doors of its Premises leading to Common Areas at the close of its working day.

10. No curtains, blinds, draperies or other window treatments shall be attached to or hung in any window of the Premises of a Tenant on an exterior wall of the Building or on an interior wall of the Building dividing the Premises from Common Areas without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

11. Plumbing fixtures and appliances shall be used only for the purposes for which they were designed and constructed, and no sweepings rubbish, rags or other material shall be thrown or placed therein. The cost of repairing any damage resulting from misuse of the plumbing fixtures or appliances by a Tenant or its employees, agents or invitees shall be borne by the responsible Tenant.

12. No Tenant shall use or permit the use of its Premises, or any part thereof, for lodging, for manufacturing, for any immoral or illegal purpose, or for any other purpose which is not permitted by the terms of its lease.

13. No vending machines shall be allowed in any Premises without the prior written consent of Landlord, except for vending machines for the sole use of Tenant, its employees and invitees.

14. Each Tenant shall, at its expense, provide artificial light and electric current for the employees of Landlord and/or Landlord's contractors while performing janitorial or other cleaning, maintenance or repair services in the Tenant's Premises.

15. No Tenant will make or permit any of its employees, agents or invitees to make any improper noises in the Building or to otherwise interfere in any way with other Tenants or persons having business with them.

16. No Tenant shall cause any unnecessary janitorial labor or services by reason of the Tenant's willful misconduct or carelessness or indifference in the preservation of good order and cleanliness.

17. Without the prior written consent of Landlord, no Tenant shall use the name of the Building or any picture of the Building in any materials promoting or advertising the business of the Tenant, except that each Tenant may use the address of the Building as the address of its business.

18. Each Tenant shall cooperate with Landlord to assure the effective operation of the heating and air conditioning systems serving the Tenant's Premises and the Building.

19. Neither Landlord nor the Property manager will be responsible for lost or stolen money, jewelry or other personal property from any areas of the Property, regardless of whether the loss or theft occurs when the area in question is locked.

20. Landlord may, in its discretion, institute security measures in the operation of the Property, and Tenants will comply with all such security measures. Such security measures may

include, but are not limited to, requiring persons entering the Building or the Property to identify themselves to a watchman or other person designated by Landlord and to sign in and sign out of the Property, denying access to persons who are not properly identified or appear suspicious, requiring each employee, guest or visitor to wear and display a security badge at all times, and conducting fire or other emergency drills. The exercise of such security measures by Landlord and any resulting interruption of a Tenant's business shall not constitute an eviction or disturbance of a Tenant's use and possession of its Premises, render Landlord liable to the Tenant for damages, or relieve a Tenant from its obligations under its lease.

21. No bicycles or vehicles shall be brought into or kept in the Building. All bicycles and vehicles brought onto the Property shall be driven and parked only in designated, paved areas.

22. Parking on the Property shall be subject to the restrictions set forth in this paragraph and, with respect to any particular Tenant, to any additional restrictions on parking set forth in such Tenant's lease. Each Tenant and such Tenant's employees, agents and invitees shall have the right, in common with others and in connection with the conduct of Tenant's business at the Property, to park passenger automobiles on portions of the Property which have been striped for parking; provided, however that (a) no Tenant or its employees or agents may park in any space marked "visitor," and (b) no Tenant or its employees, agents or invitees may park in any space marked "reserved," unless reserved for such Tenant, and (c) persons parking their vehicles will do so exclusively within the marked parking space lines. No Tenant or its employees, agents or invitees shall have a right to park vehicles on the Property overnight or for purposes other than in connection with the Tenant's business at the Property. Landlord shall have no responsibility to any Tenant or any Tenant's employees, agents or invitees for any theft, loss of or damage to any vehicle or its contents on the Property. Each Tenant's parking rights, except as otherwise expressly provided in its lease, are in common with other Tenants and on a first come, first served basis, and, except as otherwise expressly provided in its lease or other written agreements with Landlord, no Tenant has the right to any designated parking spaces or to any particular number of parking spaces.

23. All vehicles brought onto the Property by Tenant, its employees, agents, customers and invitees shall be in good condition and appearance and shall be drivable. No such vehicles shall be leaking oil or other fluids.

24. Each Tenant will deposit its garbage, trash and refuse only in approved trash containers within the Tenant's Premises or in designated trash receptacles placed by Landlord within the Common Areas. No Tenant shall deposit any hazardous, flammable or explosive substances in any trash receptacle on the Property.

25. Landlord reserves the right to rescind, alter or waive any of the Rules and Regulations, and to adopt such additional rules and regulations as part of the Rules and Regulations, from time to time as Landlord deems it appropriate for the safety, protection, care and cleanliness of the Property, the operation thereof, the preservation of good order therein or the protection and comfort of the Tenants and their employees, agents and invitees. An alteration or waiver of any of the Rules and Regulations in favor of one Tenant shall not, other than with the consent of Landlord, operate as an alteration or waiver in favor of any other

Tenant. Landlord shall not be responsible to any Tenant for the non-observance or violation by any other Tenant of any of the Rules and Regulations, nor for the enforcement of any of the Rules and Regulations against any other Tenant. No Tenant shall have the right to enforce any of the Rules and Regulations against any other Tenant.

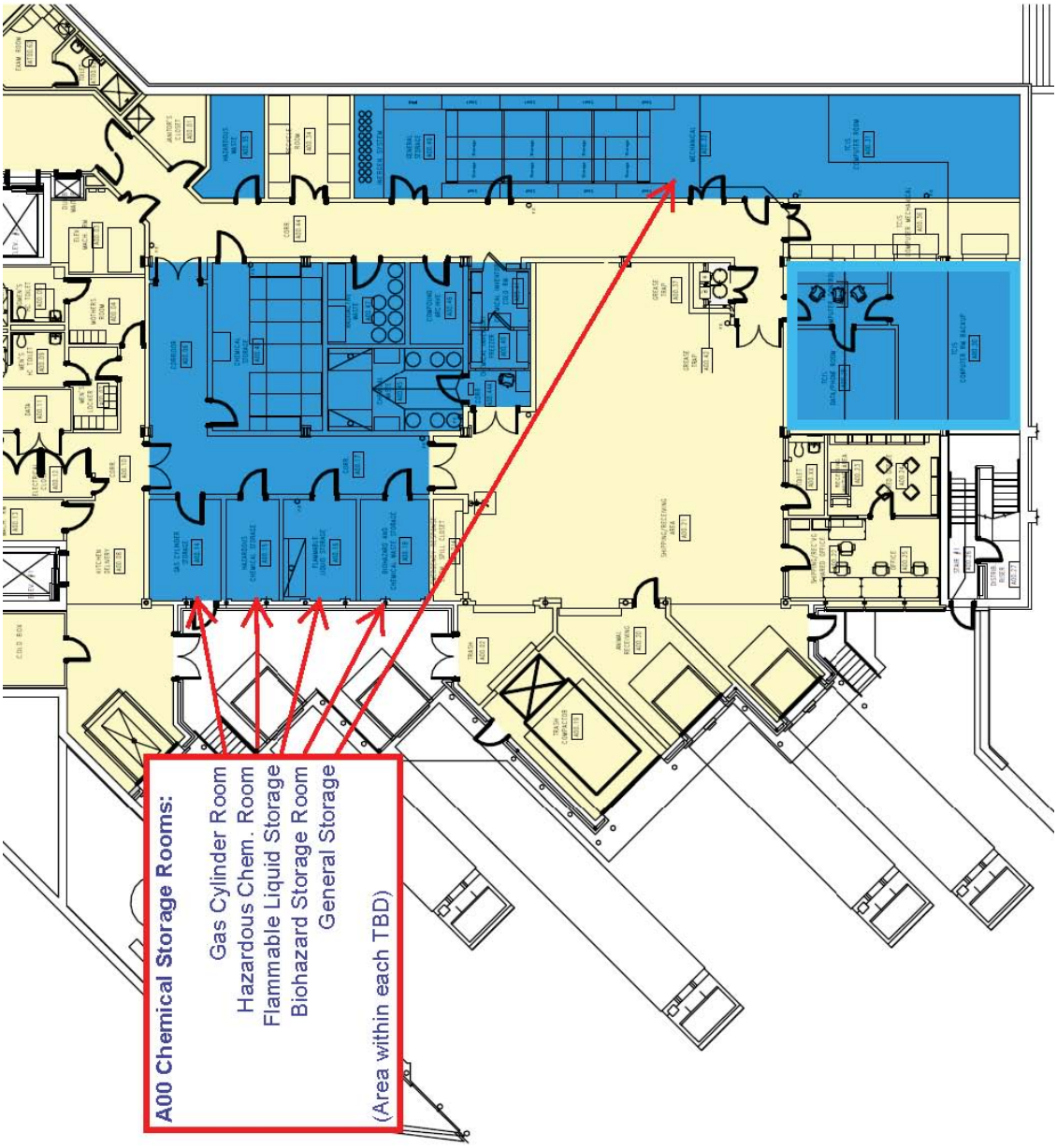
EXHIBIT E

LANDLORD'S WORK

NOT APPLICABLE

EXHIBIT F

A.00 FLAMMABLES STORAGE



SCHEDULE 3E

Manufacturer	Model	Serial number	Description	Accessories	Location	AZ Name / asset numbe	Disposition	Date Updated	Outcome
Forma Scientific	3860	48894-1986	Incubator	Move to C3.150	E00 hall	343	C3 Cerulean		
Forma Scientific	3860	50888-2004	Incubator	Move to C3.150	E00 hall	344	C3 Cerulean		
Forma Scientific	923	498744366	Freezerr -80	Move to C3	E00 hall	1683	C3 Cerulean		
Forma Scientific	917	65523317	Freezerr -80	Move to C3	E00 hall	1970	C3 Cerulean		
Thermofisher	MaxQ 3000		Shaker	Move to C3	A1.18	1671	C3 Cerulean		
New Brunswick	G25	590845221	Shaker/Oven	Move to C3	A1.23	1689	C3 Cerulean		
Nuaire	NU440-600	129674032409	6' Bio Safety Cabinet	Move to C3.150	A1.08	1611	C3 Cerulean		
AB Sciex	Q-Trap		LCMS	Move to C3	A2.07	1460	C3 Cerulean		
Shimadzu Stack			Shimadzu Stack	Move to C3	A2.07	1459	C3 Cerulean		
Shimadzu Stack			Shimadzu Stack	Move to C3	A2.07	1459.1-1459.9	C3 Cerulean		
Agilent	Cary 300 UV-VIS	MY13020004	Spectrophotometer/Temp Controller	Move to C3	A2.07	1072	C3 Cerulean		
Puffer Hubbard	FG450D18	X23J4597742J	Dell Fridge	Move to C3	A2.11A	1134	C3 Cerulean		
Puffer Hubbard	FG450D18	X28J4605312J	Dell Fridge	Move to C3	A2.13A	1071	C3 Cerulean		
Woods	WV202FIE	00515213KB	-20 Freezer	Move to C3	A2.39	1146	C3 Cerulean		
Forma	923	498744327	-80 Freezer	Move to C3	A2.39	1149	C3 Cerulean		
Beckman	Allegra 6R	ALP99M74	Centrifuge	Move to C3	A2.15	1068	C3 Cerulean		
VWR	1510E	0800498	Incubator Oven	Move to C3	A2.17	1154	C3 Cerulean		
Nuaire	NU440-400	138833071910	4' Bio Safety Cabinet	Move to C3.150	E1 Cage	1466	C3 Cerulean		
Lab Line			u/c fridge		C3.145	538	C3 Cerulean		
Lab Line			u/c fridge		C3.145	1877	C3 Cerulean		
Lab Line			u/c fridge		C3.137	908	C3 Cerulean		
Lab Line			u/c frr		C3.137	509	C3 Cerulean		
			Flammable Cabinet		C3.151	N/A	C3 Cerulean		
	DDT0047		Down Draft Table	Please move to adjacent aisle	C3.146	831	C3 Cerulean		
Nikon	TS100	3060786	Microscope w/camera		C3.150	1209	C3 Cerulean		
Thermofisher	2839	152790782	Water Bath		C3.150	1210	C3 Cerulean		
Fisher Scientific	Accuspin Micro 17R	20055746	Microfuge		C3.150	1208	C3 Cerulean		
Lab Line			u/c fridge		C3.150	177	C3 Cerulean		
Thermofisher	Sorvall ST40R	20055747	Centrifuge		C3.150	1207	C3 Cerulean		
Caron	60261	10011360261019	Incubator/Refrigerator	Needs to move to open lab space	C3.150	1206	C3 Cerulean		
Thermofisher	RCRF192ATS	TD6R612383TR	-20 Freezer		C3.150	1202	C3 Cerulean		
Genevac	EZ 2 Plus		Evaporator		C3.117.A	848	C3 Cerulean		
			Acid Cabinet		C3.117.A	N/A	C3 Cerulean		
			Flammable Cabinet		C3.117.A	N/A	C3 Cerulean		
Gilson		1197	Liquid Handler		C3.117.A	842	C3 Cerulean		
Gilson			Pumps		C3.117.A	840-840.1	C3 Cerulean		
Lab Line			u/c frr		C3.142	423	C3 Cerulean		
CEM	Discover	IN2280	Microwave		C3.147	N/A	C3 Cerulean		
Waters	Aquity 4	LBA704	UPLC		C3.148	N/A	C3 Cerulean		
Waters	2777C		Sample manager		C3.148	812	C3 Cerulean		
Waters	Aquity	M10UPD411A	PDA		C3.148	811.1	C3 Cerulean		
Waters	Aquity	K10UPE799M	ELS Detector		C3.148	811.2	C3 Cerulean		
Waters	Aquity	K10UPM017G	Column manager		C3.148	811.3	C3 Cerulean		
Waters	Aquity	K10UPB149A	Binary solvent manager		C3.148	811.4	C3 Cerulean		
			Flammable Cabinet		C3.148	586	C3 Cerulean		

Exhibit 10.2

CONSULTING AGREEMENT

This Consulting Agreement (the "Agreement") is made effective as of May 27, 2015 (the "Effective Date"), by and between Cerulean Pharma Inc., a Delaware corporation, with its principal place of business being 840 Memorial Drive, 5th Floor, Cambridge, MA 02139 (the "Company") and Danforth Advisors, LLC, a Massachusetts limited liability corporation, with its principal place of business being 91 Middle Road, Southborough, MA 01772 ("Danforth"). The Company and Danforth are herein sometimes referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, the Company possesses know-how and proprietary technology related to oncology drug discovery and development; and

WHEREAS, Danforth has expertise in financial and corporate operations and strategy; and

WHEREAS, Danforth desires to serve as an independent consultant for the purpose of providing the Company with certain strategic and financial advice and support services, as more fully described in Exhibit A attached hereto, (the "Services"); and

WHEREAS, the Company wishes to engage Danforth on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which are hereby acknowledged, the Parties agree and covenant as follows.

1. Services of Consultant. Danforth will assist the Company with matters relating to the Services. The Services are more fully described in Exhibit A attached hereto. Danforth and the Company will review the Services on a monthly basis to prioritize and implement the tasks listed on Exhibit A.

2. Compensation for Services. In full consideration of Danforth's full, prompt and faithful performance of the Services, the Company shall compensate Danforth and Mr. Gregg Beloff, as more fully described in Exhibit A (collectively, the "Total Compensation"). Danforth shall, from time to time, but not more frequently than twice per calendar month invoice the Company for Services rendered and such invoice will be paid upon thirty (30) days of receipt. Each month the Parties shall evaluate jointly the current fee structure and scope of Services. Danforth reserves the right to an annual increase in the consultant fee of up to 4%, effective January 1 of each year. Upon termination of this Agreement pursuant to Section 3, no compensation of any kind as described in this Section 2 shall be payable or issuable to Danforth after the effective date of such termination. In addition, the Company will reimburse Danforth for reasonable out-of-pocket business expenses, including but not limited to travel and parking, incurred by Danforth in performing the Services hereunder, upon submission by Danforth of supporting documentation reasonably acceptable to the Company. Any such accrued expenses in any given three (3) month period that exceed one thousand dollars ($1,000) shall be submitted to the Company for its prior written approval.

3. Term and Termination. The term of this Agreement will commence on the Effective Date and will continue through the anniversary of such date in the next calendar year (the "Term"). This Agreement may be extended for an additional period by mutual written agreement. This Agreement may be terminated by either Party hereto: (a) with Cause (as defined below), upon thirty (30) days prior written notice to the other Party; or (b) without cause upon sixty (60) days prior written notice to the other Party. For purposes of this Section 3, "Cause" shall include: (i) a breach of the terms of this Agreement which

is not cured within thirty (30) days of written notice of such default or (ii) the commission of any act of fraud, embezzlement or deliberate disregard of a rule or policy of the Company.

4. Time Commitment. Danforth will devote such time to perform the Services under this Agreement as may reasonably be required, and as mutually agreed by the Parties.

5. Place of Performance. Danforth will perform the Services at such locations upon which the Company and Danforth may mutually agree. Danforth will not, without the prior written consent of the Company, perform any of the Services at any facility or in any manner that might give anyone other than the Company any rights to or allow for disclosure of any Confidential Information (as defined below).

6. Compliance with Policies and Guidelines. Danforth will perform the Services in accordance with all rules or policies adopted by the Company that the Company discloses in writing to Danforth.

7. Confidential Information. Danforth acknowledges and agrees that during the course of performing the Services, the Company may furnish, disclose or make available to Danforth information, including, but not limited to, material, compilations, data, formulae, models, patent disclosures, procedures, processes, business plans, projections, protocols, results of experimentation and testing, specifications, strategies and techniques, and all tangible and intangible embodiments thereof of any kind whatsoever (including, but not limited to, any apparatus, biological or chemical materials, animals, cells, compositions, documents, drawings, machinery, patent applications, records and reports), which is owned or controlled by the Company and is marked or designated as confidential at the time of disclosure or is of a type that is customarily considered to be confidential information (collectively the “Confidential Information"). Danforth acknowledges that the Confidential Information or any part thereof is the exclusive property of the Company and shall not be disclosed to any third party without first obtaining the written consent of the Company. Danforth further agrees to take all practical steps to ensure that the Confidential Information, and any part thereof, shall not be disclosed or issued to its affiliates, agents or employees, except on like terms of confidentiality. The above provisions of confidentiality shall apply for a period of five (5) years.

8. Intellectual Property. Danforth agrees that all ideas, inventions, discoveries, creations, manuscripts, properties, innovations, improvements, know-how, inventions, designs, developments, apparatus, techniques, methods, and formulae that Danforth conceives, makes, develops or improves as a result of performing the Services, whether or not reduced to practice and whether or not patentable, alone or in conjunction with any other party and whether or not at the request or upon the suggestion of the Company (all of the foregoing being hereinafter collectively referred to as the “Inventions”), shall be the sole and exclusive property of the Company. Danforth hereby agrees in consideration of the Company’s agreement to engage Danforth and pay compensation for the Services rendered to the Company and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged that Danforth shall not, without the prior written consent of the Company, directly or indirectly, consult for, or become an employee of, any company which conducts business in the Field of Interest anywhere in the world. As used herein, the term “Field of Interest” shall mean the research, development, manufacture and/or sale of the products resulting from the Company’s technology. The limitations on competition contained in this Section 8 shall continue during the time that Danforth performs any Services for the Company, and for a period of three (3) months following the termination of any such Services that Danforth performs for the Company. If any part of this section should be determined by a court of competent jurisdiction to be unreasonable in duration, geographic area, or scope, then this Section 8 is intended to and shall extend only for such period of time, in such area and with respect to such activity as is determined to be reasonable. Except as expressly provided herein, nothing in this Agreement shall preclude Danforth from consulting for or being employed by any other person or entity.

9. Non Solicitation. All personnel representing Danforth are contracted agents of Danforth. As such, they are obligated to provide the Services to the Company and are obligated to Danforth under confidentiality, non-compete, and non-solicitation agreements. Accordingly, they are not retainable as employees or contractors by the Company and the Company hereby agrees not to solicit, hire or retain their services for so long as they are contracted agents of Danforth and for one (1) years thereafter. Should the Company violate this restriction, it agrees to pay Danforth liquidated damages equal to twenty-five thousand ($25,000) dollars for each Danforth contracted agent solicited and/or hired by the Company in violation of this Agreement, plus Danforth's reasonable attorneys' fees and costs incurred in enforcing this agreement should the Company fail or refuse to pay the liquidated damages amount in full within thirty (30) days following its violation.

10. Placement Services. In the event that Danforth refers a potential employee to the Company and that individual is hired, Danforth shall receive a fee equal to twenty percent (20%) of the employee's starting annual base salary and target annual bonus. This fee is due and owing whether an individual is hired, directly or indirectly on a permanent basis or on a contract or consulting basis by the Company, as a result of Danforth's efforts within one (1) year of the date applicant(s) are submitted to the Company. Such payment is due within thirty (30) days of the employee's start date.

11. No Implied Warranty. Except for any express warranties stated herein, the Services are provided on an "as is" basis, and the Company disclaims any and all other warranties, conditions, or representations (express, implied, oral or written), relating to the Services or any part thereof. Further, in performing the Services Danforth is not engaged to disclose illegal acts, including fraud or defalcations, which may have taken place. The foregoing notwithstanding, Danforth will promptly notify the Company if Danforth becomes aware of any such illegal acts during the performance of the Services. Because the Services do not constitute an examination in accordance with standards established by the American Institute of Certified Public Accountants (the "AICPA"), Danforth is precluded from expressing an opinion as to whether financial statements provided by the Company are in conformity with generally accepted accounting principles or any other standards or guidelines promulgated by the AICPA, or whether the underlying financial and other data provide a reasonable basis for the statements.

12. Indemnification. Each Party hereto agrees to indemnify and hold the other Party hereto, its directors, officers, agents and employees harmless against any claim based upon circumstances alleged to be inconsistent with such representations and/or warranties contained in this Agreement. Further, the Company shall indemnify and hold harmless Danforth and any of its subcontractors against any claims, losses, damages or liabilities (or actions in respect thereof) that arise out of or are based on the Services performed hereunder, except for any such claims, losses, damages or liabilities arising out of the gross negligence or willful misconduct Danforth or any of its subcontractors. The Company will endeavor to add Consultant and any applicable subcontractor to its insurance policies as additional insureds.

13. Independent Contractor. Danforth is not, nor shall Danforth be deemed to be at any time during the term of this Agreement, an employee of the Company, and therefore Danforth shall not be entitled to any benefits provided by the Company to its employees, if applicable. Danforth's status and relationship with the Company shall be that of an independent contractor and consultant. Danforth shall not state or imply, directly or indirectly, that Danforth is empowered to bind the Company without the Company's prior written consent. Nothing herein shall create, expressly or by implication, a partnership, joint venture or other association between the parties. Danforth will be solely responsible for payment of all charges and taxes arising from his or her relationship to the Company as a consultant.

14. Records. Upon termination of Danforth's relationship with the Company, Danforth shall deliver to the Company any property or Confidential Information of the Company relating to the Services which may

be in its possession including products, project plans, materials, memoranda, notes, records, reports, laboratory notebooks, or other documents or photocopies and any such information stored using electronic medium.

15. Notices. Any notice under this Agreement shall be in writing (except in the case of verbal communications, emails and teleconferences updating either Party as to the status of work hereunder) and shall be deemed delivered upon personal delivery, one day after being sent via a reputable nationwide overnight courier service or two days after deposit in the mail or on the next business day following transmittal via facsimile. Notices under this Agreement shall be sent to the following representatives of the Parties:

If to the Company:

Name:	Chris Guiffre
Title:	President and Chief Executive Officer
Address:	840 Memorial Drive, 5th Floor, Cambridge, MA 02139
Phone:	(617) 551-9600
E-mail:	cguiffre@ceruleanrx.com

If to Danforth:

Name:	Gregg Beloff
Title:	Managing Director
Address:	91 Middle Road Southborough, MA 01772
Phone:	1 617 686-7679
E-mail:	gbeloff@danforthadvisors.com

16. Assignment and Successors. This Agreement may not be assigned by a Party without the consent of the other which shall not be unreasonably withheld, except that each Party may assign this Agreement and the rights, obligations and interests of such Party, in whole or in part, to any of its Affiliates, to any purchaser of all or substantially all of its assets or to any successor corporation resulting from any merger or consolidation of such Party with or into such corporation.

17. Force Majeure. Neither Party shall be liable for failure of or delay in performing obligations set forth in this Agreement, and neither shall be deemed in breach of its obligations, if such failure or delay is due to natural disasters or any causes beyond the reasonable control of either Party. In the event of such force majeure, the Party affected thereby shall use reasonable efforts to cure or overcome the same and resume performance of its obligations hereunder.

18. Headings. The Section headings are intended for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

19. Integration; Severability. This Agreement is the sole agreement with respect to the subject matter hereof and shall supersede all other agreements and understandings between the Parties with respect to the same. If any provision of this Agreement is or becomes invalid or is ruled invalid by any court of competent jurisdiction or is deemed unenforceable, it is the intention of the Parties that the remainder of the Agreement shall not be affected.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, excluding choice of law principles. The Parties agree that any action or proceeding arising out of or related in any way to this Agreement shall be brought solely in a Federal or State court of competent jurisdiction sitting in the Commonwealth of Massachusetts.

21. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one agreement.

If you are in agreement with the foregoing, please sign where indicated below, whereupon this Agreement shall become effective as of the Effective Date.

DANFORTH ADVISORS, LLC		CERULEAN PHARMA INC.	
By:	/s/ Gregg Beloff	By:	/s/ Christopher D. T. Guiffre
Print Name:	Gregg Beloff	Print Name:	Christopher D. T. Guiffre
Title:	Managing Director	Title:	President & Chief Executive Officer
Date:	May 27, 2015	Date:	May 27, 2015

EXHIBIT A

Description of Services and Schedule of Fees

Danforth will perform mutually agreed to finance, accounting and other administrative functions (the "Services") which are necessary to support the achievement of the Company's strategic and financial objectives, and the management of the Company's business.

Services

CFO Services:

- Participate in financing activities
- Ensure compliance with SEC filing and other regulatory requirements
- Support investor relations activities
- Oversee the finance and accounting functions
- Board, Audit, Compensation, and Corporate Governance committee meeting preparation, support and attendance
- Other CFO services, as needed/requested:
    - Strategic business planning
    - Supplier contract negotiation and cost reduction planning
    - Corporate and business development/licensing support
    - Financial modeling, planning and analysis
    - Strategic opportunity assessment
    - Stock option plan management
    - Capitalization table management

CFO services will be provided by Gregg Beloff, Managing Director of Danforth.

Other Services:

Danforth also offers Services including, but not limited to, supporting the Company with:

- Technical Accounting
- FP&A
- Additional special projects as may be requested by Company

The Parties recognize that the time required to provide the Services will fluctuate, depending on the Company's needs and priorities, and to some extent external events that cannot be controlled or accurately predicted. Therefore, the Parties will meet as soon as possible after the execution of this Agreement to agree on the prioritization of tasks and the level of resources required, and will meet periodically, but no less frequently than monthly, to re-assess resourcing.

Hourly Consulting Fees:

CFO: Gregg Beloff	$280/hour
Technical Accounting	$270/hour
Senior Director of Finance:	$165/hour

Danforth shall submit invoices to Cerulean, which shall be payable by Cerulean in accordance with Section 2 of the Agreement.

Equity Compensation

Additionally, Cerulean shall grant to Gregg Beloff, in his individual capacity as consultant to the Company, a nonqualified stock option grant, in accordance with and pursuant to the Company's 2014 Stock Option Plan and a customary stock option agreement, of 90,000 shares of Cerulean common stock (the "Option"). The shares subject to the Option will vest over a one year period, starting as of the Effective Date, with 1/12th of the shares vesting on May 31, 2015 and at the end of each month of continuous service thereafter. Shares subject to the Option which are vested as of the expiration or termination of this Agreement shall be exercisable for a period of up to one (1) year after such expiration or termination.

Together, the hourly consulting fees (as set forth above) and the Option constitute the Total Compensation in accordance with Section 2 of the Agreement.

EXHIBIT 10.3

TRANSITION AND SEPARATION AGREEMENT

This Transition and Separation Agreement (the "Agreement") is made by and between Cerulean Pharma Inc. (the "Company") and Karen Roberts ("Ms. Roberts") (collectively, the "Parties").

WHEREAS, the Company and Ms. Roberts are parties to the Employment Agreement dated as of July 21, 2014 (the "Employment Agreement") under which Ms. Roberts currently serves as Senior Vice President, Finance and Administration of the Company;

WHEREAS, the Company intends to hire a Chief Financial Officer and desires that Ms. Roberts continue her service as an employee during the Transition Period (as defined below); and

WHEREAS, the Parties agree that the Employment Agreement shall be null and void on the date this Agreement becomes effective and enforceable and wish to establish the terms of Ms. Roberts's employment during the Transition Period and the terms of Ms. Roberts's separation from the Company upon the completion of the Transition Period;

NOW, THEREFORE, in consideration of the promises and conditions set forth below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Transition Period; Resignation from Employment and Officer Positions.

(a) Transition Period – During the period commencing on the date hereof and ending on August 31, 2015 (unless sooner terminated in accordance with the terms of this Agreement) (the "Transition Period"), Ms. Roberts shall remain an employee of the Company, subject to the supervision of, and with such authority as is delegated to Ms. Roberts by, the President and Chief Executive Officer of the Company and/or the Board of Directors of the Company (the "Board"). During the Transition Period, Ms. Roberts shall use her best efforts to professionally, timely and cooperatively perform such transition duties as may reasonably be requested by and at the direction of the Company. During the Transition Period, Ms. Roberts will continue to receive her current base salary and participate in the Company's benefit plans (pursuant to the terms and conditions of such plans).

(b)Termination of Employment – During the Transition Period, the Company retains the right to terminate Ms. Roberts's employment for Cause (defined as: (i) Ms. Roberts's fraud, embezzlement, willful misconduct or gross negligence or (ii) Ms. Roberts's indictment, or the entering of a guilty plea or plea of "no contest" with respect to a felony or any crime involving moral turpitude. For purposes of this Agreement, the last day of Ms. Roberts's employment is referred to as the "Separation Date", and the Transition Period shall end on the Separation Date. In the event the Company terminates Ms. Roberts's employment for Cause she will not be eligible to receive the Severance Benefits (as defined in Section 2 below), nor will she receive any further salary payments, benefits, or other compensation from the Company other than payment for any salary earned through the Separation Date but unpaid as of such date, payment for any accrued but unused vacation time as of such date, and/or reimbursement of unpaid business expenses in accordance with Company policy. In the event Ms. Roberts terminates her employment for any reason during the Transition Period she will not be eligible to receive the Additional Severance Pay (as defined in Section 2(c) below) and in, the foregoing event, apart from the applicable portions of Section 2, Ms. Roberts will not receive any further salary payments, benefits, or other compensation from the Company other than payment for any salary earned through the Separation Date but unpaid as of such date, payment for any accrued but unused vacation time as of such date, and/or reimbursement of unpaid business

expenses in accordance with Company policy. In the event the Company terminates Ms. Roberts's employment without Cause prior to August 31, 2015, Ms. Roberts will remain eligible to receive the Severance Benefits in accordance with the terms set forth below; provided, however, that notwithstanding the foregoing, if Ms. Roberts fails use her best efforts to professionally, timely and cooperatively perform her duties during the Transition Period Ms. Roberts will remain eligible to receive the Severance Benefits set forth in Sections 2(a), 2(b) and 2(c) below, but will not be eligible to receive the Severance Benefits set forth in Section 2(d) below.

(c) Resignation from Employment and Officer Positions – As of the date this Agreement becomes effective and enforceable, Ms. Roberts shall resign from any positions that she holds as an officer of the Company. As of the Separation Date, Ms. Roberts shall resign from employment with the Company. Ms. Roberts agrees to execute and deliver any documents reasonably necessary to effectuate such resignations, provided that nothing in any such document is inconsistent with any terms set forth in this Agreement. Ms. Roberts hereby irrevocably appoints the Company to be her attorney-in-fact to execute any documents and do anything in her name to effect such resignations in the event that Ms. Roberts fails to promptly submit them in accordance with the terms hereof or execute any documents requested by the Company to effectuate such resignations. Copies of any documents executed by the Company as a result of this irrevocable appointment as attorney-in-fact will be provided to Ms. Roberts. A written notification signed by a director or duly authorized officer of the Company that any instrument, document or act falls within the authority conferred by this subsection will be conclusive evidence that it does so. The Company will prepare any documents, pay any filing fees, and bear any other expenses related to the above.

2. Severance Benefits. In return for Ms. Roberts's execution and non-revocation of this Agreement and compliance with the terms hereof, and subject to her execution of the Additional Release of Claims attached hereto as Attachment A (the "Additional Release") in a timely manner as set forth in Section 13 below and her non-revocation thereof, the Company will provide Ms. Roberts with the following severance benefits (the benefits set forth in Sections 2(a) through 2(d) below are referred to herein collectively as the "Severance Benefits"), provided she remains eligible pursuant to Section 1 above:

(a) Severance Pay – The Company will provide Ms. Roberts with severance pay in an amount equal to six (6) months of pay at Ms. Roberts's current base salary rate, less all applicable taxes and withholdings. The severance pay will be paid to Ms. Roberts in equal installments in accordance with the Company's regular payroll practices; provided, however, that the first payment shall not be made until the first regular payroll date following the date the Additional Release becomes effective and enforceable.

(b) Group Health Insurance – Should Ms. Roberts be eligible for and timely elect to continue receiving group health insurance coverage under the law known as COBRA, the Company shall, until the earlier of (x) the date that is six (6) months following the Separation Date, or (y) the date that Ms. Roberts becomes eligible for group health coverage through a new employer (as applicable, the "COBRA Contribution Period"), pay on Ms. Roberts's behalf the share of the premium for such coverage that it currently pays on behalf of active and similarly situated employees with the same type of coverage. The remaining balance of any premium costs, and all premium costs after the COBRA Contribution Period, shall be paid by Ms. Roberts on a monthly basis during the elected period of health insurance coverage under COBRA for as long as, and to the extent that, she remains eligible for COBRA continuation. Ms. Roberts agrees that she will notify the Company in writing at least five (5) days prior to the date on which she becomes eligible to receive group health insurance

coverage through another employer, if that date is prior to the date that is six (6) months following the Separation Date.

(c) Additional Severance Pay – Except as set forth in Section 1(b) above, if the Company terminates the employment of Ms. Roberts without Cause prior to August 31, 2015, the Company will also (i) pay to Ms. Roberts additional separation pay equal to the amount of base salary she would have received had she remained employed by the Company between the Separation Date and August 31, 2015 (the "Additional Severance Period"), which amount will be paid to Ms. Roberts in equal installments in accordance with the Company's regular payroll practices following the end of the severance payments provided for in Section 2(a) above, and (ii) if Ms. Roberts has not become eligible for group health coverage through a new employer on or before the date that is six (6) months following the Separation Date, continue to pay on Ms. Roberts's behalf, for an additional period of time equal to the Additional Severance Period, the share of the premium for group health insurance as provided for in Section 2(b) above, in each case, less all applicable taxes and withholdings.

(d) Extension of Option Exercise Date – Except as set forth in Section 1(b) above, effective immediately after the Additional Release becomes effective and enforceable, the Company will extend until the date that is twelve (12) months following the Separation Date the period during which Ms. Roberts may exercise any vested stock options that she holds pursuant to any stock option agreement evidencing the grant of such options (each, an "Option Agreement"), pursuant to the terms of such Option Agreement(s) and the Company's 2007 Stock Incentive Plan and 2014 Stock Incentive Plan, as applicable, provided that in no event shall Ms. Roberts be able to exercise any option beyond the Final Exercise Date for such option, as set forth in the applicable Option Agreement. Ms. Roberts understands that the stock options subject to this extended exercise period shall cease to be treated for tax purposes as incentive stock options as of the date hereof. Ms. Roberts further understands that, as a result of the loss of incentive stock option status of the affected options, the Company will be required to withhold applicable income and employment taxes at the time of exercise of such options.

Other than the Severance Benefits, Ms. Roberts will not be eligible for, nor shall she have a right to receive, any payments or benefits from the Company following the Separation Date.

3. Release by Ms. Roberts. In exchange for the consideration set forth herein, which Ms. Roberts acknowledges she would not otherwise be entitled to receive, Ms. Roberts hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company, its affiliates, subsidiaries, parent companies, predecessors, and successors, and all of its and their respective past and present officers, directors, stockholders, investors, partners, members, managers, employees, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "Released Parties") from any and all claims, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that she ever had or now has against any or all of the Released Parties, whether known or unknown, including, but not limited to, any and all claims arising out of or relating to her employment with and/or separation from the Company, including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., the Genetic Information Nondiscrimination Act of 2008, 42 U.S.C. § 2000ff et seq., the Family and Medical Leave Act, 29 U.S.C. § 2601 et seq., the Worker Adjustment and Retraining Notification

Act ("WARN"), 29 U.S.C. § 2101 et seq., the Rehabilitation Act of 1973, 29 U.S.C. § 701 et seq., Executive Order 11246, Executive Order 11141, the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq., and the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001 et seq., all as amended; all claims arising out of the Massachusetts Fair Employment Practices Act, Mass. Gen. Laws ch. 151B, § 1 et seq., the Massachusetts Wage Act, Mass. Gen. Laws ch. 149, § 148 et seq. (Massachusetts law regarding payment of wages and overtime), the Massachusetts Civil Rights Act, Mass. Gen. Laws ch. 12, §§ 11H and 11I, the Massachusetts Equal Rights Act, Mass. Gen. Laws. ch. 93, § 102 and Mass. Gen. Laws ch. 214, § 1C, the Massachusetts Labor and Industries Act, Mass. Gen. Laws ch. 149, § 1 et seq., Mass. Gen. Laws ch. 214, § 1B (Massachusetts right of privacy law), the Massachusetts Maternity Leave Act, Mass. Gen. Laws ch. 149, § 105D, and the Massachusetts Small Necessities Leave Act, Mass. Gen. Laws ch. 149, § 52D, all as amended; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract (including, without limitation, all claims arising out of or related to the Employment Agreement); all claims to any non-vested ownership interest in the Company, contractual or otherwise; all state and federal whistleblower claims to the maximum extent permitted by law; and any claim or damage arising out of her employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; provided, however, that (a) nothing in this Agreement prevents Ms. Roberts from filing a charge with, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission or a state fair employment practices agency (except that she acknowledges that she may not recover any monetary benefits in connection with any such claim, charge or proceeding, and explicitly waives any rights or claims to any payment, benefit, attorneys' fees or other remedial relief in connection with any such claim, charge or proceeding and agrees that if any such complaint, charge, or proceeding is filed on her behalf, she shall take all reasonable steps necessary to refuse any damages or individualized relief in connection therewith), and (b) nothing herein shall prevent Ms. Roberts from bringing claims to enforce this Agreement. Further, nothing herein shall release any rights Ms. Roberts may have under the Company's certificate of incorporation, by-laws, insurance and/or any indemnification agreement between her and the Company (and/or otherwise under law) for indemnification as an officer of the Company for her service to the Company (recognizing that such indemnification is not guaranteed by this Agreement and shall be governed by the instrument or law, if any, providing for such indemnification), or prevent Ms. Roberts from asserting or enforcing any rights she may have under ERISA or other pertinent statute to vested ownership, pension or 401(K) benefits or interests.

4. Release by the Company. In exchange for the consideration set forth herein, the Company hereby fully, forever, irrevocably and unconditionally releases, remises and discharges Ms. Roberts from any and all claims, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature, whether known or unknown, that it ever had or now has against Ms. Roberts, including, but not limited to, any and all claims arising out of or relating to Ms. Roberts's employment with and/or separation from the Company; provided, however, that notwithstanding the foregoing, nothing in this release (a) releases Ms. Roberts from her continuing obligations as set forth in Section 5 below, (b) shall prevent the Company from bringing claims to enforce this Agreement, or (c) releases Ms. Roberts from any claims for fraud or embezzlement, or from any civil claims based on any acts and/or omissions that satisfy the elements of a criminal offense, or from any claims arising out of any deliberate misconduct by her that results or resulted in material injury to the Company.

5. Continuing Obligations. Ms. Roberts acknowledges and reaffirms her obligation to keep confidential and not to use or disclose, during the Transition Period or thereafter, any and all non-public information concerning the Company that she acquires or acquired during the course of her employment with the Company, including, but not limited to, any non-public information concerning the Company's business affairs, business prospects, and financial condition. Ms. Roberts further acknowledges her ongoing obligations set forth in the Invention and Non-Disclosure Agreement previously executed in connection with her employment by the Company, which continue in full force and effect, with the sole exception of the post-employment restrictions set forth in paragraph 6(a) of the Invention and Non-Disclosure Agreement.

6. Unemployment. The Company agrees not to contest any application Ms. Roberts may make for unemployment benefits following the Separation Date; provided, however, that the Company will not provide any false information to any government entity or fail to correct false information.

7. Return of Company Property. Ms. Roberts agrees that she will, on the Separation Date or earlier if requested by the Company, return to the Company all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones, etc.), Company identification and any other Company-owned property in her possession or control and that she will leave intact all electronic Company documents, including but not limited to those that she developed or helped to develop during her employment. Ms. Roberts further agrees that she will, on the Separation Date or earlier if requested by the Company, cancel all accounts for her benefit, if any, in the Company's name, including but not limited to, credit cards, telephone charge cards, cellular phone and/or wireless data accounts and computer accounts.

8. Amendment. This Agreement shall be binding upon the Parties and may not be abandoned, supplemented, changed or modified in any manner, orally or otherwise, except by an instrument in writing of concurrent or subsequent date signed by duly authorized representatives of the Parties. This Agreement is binding upon and shall inure to the benefit of the Parties and their respective agents, assigns, heirs, executors, successors and administrators.

9. Waiver of Rights. No delay or omission by either Party in exercising any rights under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by either Party on any one occasion shall be effective only in that instance and shall not be construed as a bar to or waiver of any right on any other occasion.

10. Validity. Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement.

11. Cooperation. Ms. Roberts agrees to cooperate fully with the Company, to the extent permitted by law, in the investigation, defense or prosecution of any claims or actions now in existence or that may be brought in the future against the Company by any third party or by or on behalf of the Company against any third party. Ms. Roberts agrees that her full cooperation in connection with such claims or actions will include being available to meet with the Company's counsel, at reasonable times and locations designated by the Company, to prepare for discovery, any mediation, arbitration, trial, administrative hearing or other proceeding, and to act as a witness when requested by the Company. Ms. Roberts agrees that, to the extent permitted by law, she will notify the Company promptly in the event that she is served with a subpoena or in the event that she is asked to

provide a third party with information concerning any actual or potential complaint or claim against the Company. Nothing herein shall be construed as restricting Ms. Roberts' right to truthfully testify in any proceeding in which she is subpoenaed to do so. The Company will (a) compensate Ms. Roberts at a reasonable hourly rate for any time she is required to spend to comply with any request by the Company for cooperation hereunder, provided that the Company shall not pay Ms. Roberts for time spent providing testimony in any arbitration, trial, administrative hearing or other proceeding, and (b) reimburse Ms. Roberts for all reasonable and documented out-of-pocket costs that she incurs to comply with this paragraph.

12. Nature of Agreement. This Agreement is not and shall not in any way be construed as an admission of liability or wrongdoing on the part of either Party.

13. Time for Consideration. To be eligible to receive the Severance Benefits, Ms. Roberts must sign and return this Agreement on or before June 13, 2015, and the Additional Release no earlier than the Separation Date, but no later than twenty-one (21) days thereafter.

14. Acknowledgments. Ms. Roberts acknowledges that she has been given twenty-one (21) days following her receipt of this Agreement to consider this Agreement, and twenty-one (21) days following the Separation Date to consider the Additional Release, and that the Company is hereby advising her to consult with an attorney of her own choosing prior to signing this Agreement and the Additional Release. Ms. Roberts understands that she may revoke this Agreement for a period of seven (7) days after she signs it by notifying the Company in writing, and this Agreement shall not be effective or enforceable until the expiration of this seven (7) day revocation period. Likewise, Ms. Roberts understands that she may revoke the Additional Release for a period of seven (7) days after she signs it, and the Additional Release shall not be effective or enforceable until the expiration of that seven (7) day revocation period. Ms. Roberts understands and agrees that by entering into this Agreement and the Additional Release, she will be waiving any and all rights or claims she might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that she will be eligible to receive consideration beyond that to which she was previously entitled.

15. Voluntary Assent. Ms. Roberts affirms that no other promises or agreements of any kind have been made to or with her by any person or entity whatsoever to cause her to sign this Agreement, and that she fully understands the meaning and intent of this Agreement. Ms. Roberts acknowledges that she had an opportunity to fully discuss and review the terms of this Agreement with an attorney of her own choosing prior to signing this Agreement. Ms. Roberts further states and represents that she has carefully read this Agreement, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof and signs her name of her own free act.

16. Tax Provision. In connection with the Severance Benefits and any other monetary payments to be provided to Ms. Roberts pursuant to this Agreement, the Company shall withhold and remit to the tax authorities the amounts required under applicable law, and Ms. Roberts shall be responsible for all applicable taxes with respect to such Severance Benefits and other payments under applicable law. The Parties intend that the payments and benefits provided for under this Agreement shall be either exempt from or compliant with Section 409A of the Internal Revenue Code. Notwithstanding the foregoing, Ms. Roberts acknowledges that she is not relying upon advice or representation of the Company with respect to the tax treatment of any of the Severance Benefits or other payments.

17. Applicable Law. This Agreement and the Additional Release shall be interpreted and construed by the laws of the Commonwealth of Massachusetts, without regard to conflict of laws provisions.

Ms. Roberts hereby irrevocably submits to the jurisdiction of the courts of the Commonwealth of Massachusetts, or if appropriate, a federal court located in the Commonwealth of Massachusetts (which courts, for purposes of this Agreement and the Additional Release, are the only courts of competent jurisdiction), over any suit, action or other proceeding arising out of, under, or in connection with this Agreement or the Additional Release or the subject matter thereof.

18. Entire Agreement. This Agreement, upon its effective date, contains and constitutes (together with the Additional Release at such time as it becomes effective and enforceable) the entire understanding and agreement between the Parties hereto with respect to Ms. Roberts's employment with and separation from the Company, severance benefits and the settlement of claims against the Company, and cancels all previous oral and written negotiations, agreements, commitments and writings in connection therewith. For purposes of clarity, this Agreement supersedes and cancels any prior employment agreements or arrangements Ms. Roberts may have entered into with the Company, including, without limitation, the Employment Agreement (which, for the avoidance of doubt, shall be of no force or effect following the date this Agreement becomes effective and enforceable), provided, however, that nothing in this Section shall modify, cancel or supersede Ms. Roberts's obligations set forth in Section 5 above.

19. Counterparts. This Agreement and the Additional Release will be executed in duplicate such that each Party will retain a fully-executed original and each original may be executed in two (2) signature counterparts, each of which shall constitute an original, but all of which taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties have set their hands and seals to this Agreement as of the date(s) written below.

Cerulean Pharma Inc.

/s/ Christopher D. T. Guiffre Date: May 26, 2015

By: Christopher D. T. Guiffre
President and Chief Executive Officer

I hereby agree to the terms and conditions set forth above. I further understand that the Severance Benefits are conditioned upon my timely execution, return and non-revocation of the Additional Release.

Karen Roberts

/s/ Karen L. Roberts Date: May 26, 2015

ATTACHMENT A

ADDITIONAL RELEASE OF CLAIMS

1. Release by Ms. Roberts. In exchange for the consideration set forth herein and in the Agreement to which this Additional Release of Claims (the "Additional Release") is attached as Attachment A, which Ms. Roberts acknowledges she would not otherwise be entitled to receive, Ms. Roberts hereby fully, forever, irrevocably and unconditionally releases, remises and discharges the Company, its affiliates, subsidiaries, parent companies, predecessors, and successors, and all of its and their respective past and present officers, directors, stockholders, investors, partners, members, managers, employees, agents, representatives, plan administrators, attorneys, insurers and fiduciaries (each in their individual and corporate capacities) (collectively, the "Released Parties") from any and all claims, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature that she ever had or now has against any or all of the Released Parties, whether known or unknown, including, but not limited to, any and all claims arising out of or relating to her employment with and/or separation from the Company, including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., the Genetic Information Nondiscrimination Act of 2008, 42 U.S.C. § 2000ff et seq., the Family and Medical Leave Act, 29 U.S.C. § 2601 et seq., the Worker Adjustment and Retraining Notification Act ("WARN"), 29 U.S.C. § 2101 et seq., the Rehabilitation Act of 1973, 29 U.S.C. § 701 et seq., Executive Order 11246, Executive Order 11141, the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq., and the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001 et seq., all as amended; all claims arising out of the Massachusetts Fair Employment Practices Act, Mass. Gen. Laws ch. 151B, § 1 et seq., the Massachusetts Wage Act, Mass. Gen. Laws ch. 149, § 148 et seq. (Massachusetts law regarding payment of wages and overtime), the Massachusetts Civil Rights Act, Mass. Gen. Laws ch. 12, §§ 11H and 11I, the Massachusetts Equal Rights Act, Mass. Gen. Laws. ch. 93, § 102 and Mass. Gen. Laws ch. 214, § 1C, the Massachusetts Labor and Industries Act, Mass. Gen. Laws ch. 149, § 1 et seq., Mass. Gen. Laws ch. 214, § 1B (Massachusetts right of privacy law), the Massachusetts Maternity Leave Act, Mass. Gen. Laws ch. 149, § 105D, and the Massachusetts Small Necessities Leave Act, Mass. Gen. Laws ch. 149, § 52D, all as amended; all common law claims including, but not limited to, actions in defamation, intentional infliction of emotional distress, misrepresentation, fraud, wrongful discharge, and breach of contract; all claims to any non-vested ownership interest in the Company, contractual or otherwise; all state and federal whistleblower claims to the maximum extent permitted by law; and any claim or damage arising out of her employment with and/or separation from the Company (including a claim for retaliation) under any common law theory or any federal, state or local statute or ordinance not expressly referenced above; provided, however, that (a) nothing in this Additional Release prevents Ms. Roberts from filing a charge with, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission or a state fair employment practices agency (except that she acknowledges that she may not recover any monetary benefits in connection with any such claim, charge or proceeding, and explicitly waives any rights or claims to any payment, benefit, attorneys' fees or other remedial relief in connection with any such claim, charge or proceeding and agrees that if any such complaint, charge, or proceeding is filed on her behalf, she shall take all reasonable steps necessary to refuse any damages or individualized relief in connection therewith), and (b) nothing herein shall prevent Ms. Roberts from bringing claims to enforce the Agreement or this Additional Release. Further, nothing herein shall release any rights Ms. Roberts may have under the Company's certificate of

incorporation, by-laws, insurance and/or any indemnification agreement between her and Company (and/or otherwise under law) for indemnification as an officer of the Company for her service to the Company (recognizing that such indemnification is not guaranteed by this Additional Release and shall be governed by the instrument or law, if any, providing for such indemnification), or prevent Ms. Roberts from asserting or enforcing any rights she may have under ERISA or other pertinent statute to vested ownership, pension or 401(K) benefits or interests.

2. Release by the Company. In exchange for the consideration set forth herein, the Company hereby fully, forever, irrevocably and unconditionally releases, remises and discharges Ms. Roberts from any and all claims, complaints, demands, actions, causes of action, suits, rights, debts, sums of money, costs, accounts, reckonings, covenants, contracts, agreements, promises, doings, omissions, damages, executions, obligations, liabilities, and expenses (including attorneys' fees and costs), of every kind and nature, whether known or unknown, that it ever had or now has against Ms. Roberts, including, but not limited to, any and all claims arising out of or relating to Ms. Roberts's employment with and/or separation from the Company; provided, however, that notwithstanding the foregoing, nothing in this release (a) releases Ms. Roberts from her continuing obligations as set forth in Section 5 of the Agreement, (b) shall prevent the Company from bringing claims to enforce the Agreement or this Additional Release, or (c) releases Ms. Roberts from any claims for fraud or embezzlement, or from any civil claims based on any acts and/or omissions that satisfy the elements of a criminal offense, or from any claims arising out of any deliberate misconduct by her that results or resulted in material injury to the Company.

3. Final Compensation. Ms. Roberts acknowledges that she has been reimbursed by the Company for all business expenses incurred in conjunction with the performance of her employment and that no other reimbursements are owed to her. Ms. Roberts acknowledges that she has received all compensation due to her from the Company, including, but not limited to, all wages, bonuses and accrued, unused vacation time, and that she is not eligible or entitled to receive any additional payments or consideration from the Company beyond that provided for in Section 2 of the Agreement.

4. Return of Company Property. Ms. Roberts confirms that she has returned to the Company all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones, etc.), Company identification and any other Company-owned property in her possession or control and that she has left intact all electronic Company documents, including but not limited to those that she developed or helped to develop during her employment. Ms. Roberts further confirms that she has cancelled all accounts for her benefit, if any, in the Company's name, including but not limited to, credit cards, telephone charge cards, cellular phone and/or wireless data accounts and computer accounts.

5. Acknowledgments. Ms. Roberts acknowledges that she has been given twenty-one (21) days following the Separation Date (together with the seven (7) day revocation period described in the next sentence, the "Review Period") to consider this Additional Release, and that the Company has advised her in writing to consult with an attorney of her own choosing prior to signing this Additional Release. Ms. Roberts understands that she may revoke this Additional Release for a period of seven (7) days after she signs it by notifying the Company in writing, and the Additional Release shall not be effective or enforceable until the expiration of this seven (7) day revocation period. Ms. Roberts understands and agrees that by entering into this Additional Release, she is waiving any and all rights or claims she might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and that she has received consideration beyond that to which she was previously entitled. In the event the Review Period begins in one taxable year for Ms. Roberts and ends in the following taxable year, any payments contingent upon Ms. Roberts entering into the Additional Release will be

made or commence to be paid on the first regular payroll date in the following taxable year that falls after the date the Additional Release becomes effective and enforceable.

6. Voluntary Assent. Ms. Roberts affirms that no other promises or agreements of any kind have been made to or with her by any person or entity whatsoever to cause her to sign this Additional Release, and that she fully understands the meaning and intent of this Additional Release. Ms. Roberts states and represents that she has had an opportunity to fully discuss and review the terms of this Additional Release with an attorney. Ms. Roberts further states and represents that she has carefully read this Additional Release, understands the contents herein, freely and voluntarily assents to all of the terms and conditions hereof, and signs her name of her own free act.

Cerulean Pharma, Inc.

By: _____

I hereby provide this Additional Release as of the date below and acknowledge that the execution of this Additional Release is in further consideration of the Severance Benefits, to which I acknowledge I would not be entitled if I did not enter into this Additional Release. I intend that this Additional Release become a binding agreement between the Company and me if I do not revoke my acceptance in seven (7) days.

_____ _____

Karen Roberts Date

Exhibit 31.1

CERTIFICATION

I, Christopher D.T. Guiffre, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cerulean Pharma 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)) 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. 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

    c. 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 6, 2015

/s/ Christopher D.T. Guiffre

Christopher D.T. Guiffre
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Gregg Beloff, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cerulean Pharma 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)) 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. 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

    c. 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 6, 2015

/s/ Gregg Beloff
Gregg Beloff
Interim Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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 Cerulean Pharma Inc. (the "Company") for the fiscal quarter ended June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Christopher D.T. Guiffre, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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 6, 2015

/s/ Christopher D.T. Guiffre
Christopher D.T. Guiffre
President and Chief Executive Officer
(principal executive officer)

Exhibit 32.2

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 Cerulean Pharma Inc. (the "Company") for the fiscal quarter ended June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Gregg Beloff, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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 6, 2015

/s/ Gregg Beloff
Gregg Beloff
Interim Chief Financial Officer
(principal financial officer)