U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

☐ For the transition period from to .

Commission File Number 000-53127

LION BIOTECHNOLOGIES, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	**75-3254381**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

21900 Burbank Blvd, Third Floor, Woodland Hills, CA 91367
(Address of principal executive offices and zip code)
(818) 992-3126
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐No ☑

As of August 8, 2014, the issuer had 27,226,350 shares of common stock outstanding.

LION BIOTECHNOLOGIES, INC.
FORM 10-Q
For the Quarter Ended June 30, 2014

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LION BIOTECHNOLOGIES, INC.
Condensed Balance Sheets

	June 30, 2014 (unaudited)	December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 18,440,361	$ 19,672,177
Deposits	9,744	15,000
Prepaid expenses	69,466	158,716
Total Current Assets	18,519,571	19,845,893
Property and equipment, net of accumulated depreciation of $33,730 and $16,002	15,771	27,756
Total Assets	$ 18,535,342	$ 19,873,649
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 440,550	$ 412,976
Accrued expenses	715,922	1,856,956
Total Current Liabilities	1,156,472	2,269,932
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $0.001 par value; 50,000,000 shares authorized, 5,800 shares and 17,000 shares issued and outstanding, respectively	6	17
Common stock, $0.000041666 par value; 150,000,000 shares authorized, 27,226,350 and 20,023,958 shares issued and outstanding, respectively	1,135	835
Common stock to be issued, 303,125 shares	245,153	245,153
Additional paid-in capital	86,029,444	81,884,897
Accumulated deficit	(68,896,868)	(64,527,185)
Total Stockholders' Equity	17,378,870	17,603,717
Total Liabilities and Stockholders' Equity	$ 18,535,342	$ 19,873,649

The accompanying notes are an integral part of these financial statements.

LION BIOTECHNOLOGIES, INC.
Condensed Statements of Operations
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
Revenues	$ -	$ -	$ -	$ -
Costs and expenses				
Operating expenses (including $919,350, $87,386, $1,781,355 and $133,032 in share based compensation costs)	1,748,942	779,260	3,705,794	1,214,173
Research and development	361,227	250,000	663,889	520,000
Total costs and expenses	2,110,169	1,029,260	4,369,683	1,734,173
Loss from operations	(2,110,169)	(1,029,260)	(4,369,683)	(1,734,173)
Other income				
Interest expense	-	(104,127)	-	(445,743)
Cost to induce exchange transaction		(2,295,868)		(2,295,868)
Total other expense	-	(2,399,995)	-	(2,741,611)
Net Loss	$ (2,110,169)	$ (3,429,255)	$ (4,369,683)	$ (4,475,784)
Net Loss Per Share, Basic and Diluted	$ (0.09)	$ (4.19)	$ (0.19)	$ (1.54)
Weighted-Average Common Shares Outstanding, Basic and Diluted	24,137,782	818,806	22,502,761	2,904,391

The accompanying notes are an integral part of these financial statements.

LION BIOTECHNOLOGIES, INC.
Condensed Statements of Stockholders' Equity
For the Six Months Ended June 30, 2014
(Unaudited)

	Preferred Stock		Common Stock		Common Stock to Be Issued	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance - December 31, 2013	17,000	$ 17	20,023,958	$ 835	$ 245,153	$ 81,884,897	$ (64,527,185)	$ 17,603,717
Fair value of stock options						1,340,601		1,340,601
Common stock issued upon exercise of warrants			945,392	40		2,363,441		2,363,481
Common stock issued upon conversion of preferred shares	(11,200)	(11)	5,600,000	233		(222)		-
Common stock issued for services			657,000	27		440,727		440,754
Net loss							(4,369,683)	(4,369,683)
Balance - June 30, 2014	5,800	$ 6	27,226,350	$ 1,135	$ 245,153	$ 86,029,444	$ (68,896,868)	$ 17,378,870

The accompanying notes are an integral part of these financial statements.

LION BIOTECHNOLOGIES, INC.
Condensed Statements of Cash Flows
(Unaudited)

	For the Six Months Ended June 30,	
	2014	**2013**
Cash Flows From Operating Activities		
Net loss	$ (4,369,683)	$ (4,475,784)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	17,728	3,106
Fair value of vested stock options and warrants	1,340,601	220,418
Common stock issued for services	440,754	-
Common stock issued to induce conversion of warrants	-	122,734
Common stock issued to induce exchange transaction	-	2,173,134
Changes in assets and liabilities:		
Deposits, prepaid expenses and other assets	94,506	(1,860)
Accounts payable, accrued expenses and other current liabilities	(1,113,460)	976,323
Net Cash Used In Operating Activities	(3,589,554)	(981,929)
Cash Flows From Investing Activities		
Purchases of computer equipment and furniture	(5,742)	-
Net Cash Used In Investing Activities	(5,742)	-
Cash Flows From Financing Activities		
Proceeds from the issuance of convertible notes, net	-	311,500
Proceeds from the issuance of common stock upon exercise of warrants	2,363,480	-
Proceeds from the issuance of common stock, net	-	1,240,010
Net Cash Provided By Financing Activities	2,363,480	1,551,510
Net Increase (Decrease) In Cash And Cash Equivalents	(1,231,816)	569,581
Cash and Cash Equivalents, Beginning of Period	19,672,177	-
Cash and Cash Equivalents, End of Period	$ 18,440,361	$ 569,581
Supplemental Disclosures of Cash Flow Information:		
Common stock issued upon conversion of accrued interest and penalty	$ -	$ 9,267,641
Common stock issued upon conversion of preferred stock	$ 233	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1. GENERAL ORGANIZATION AND BUSINESS

Lion Biotechnologies, Inc. (the "Company," "we," "us" or "our") was originally incorporated under the laws of the state of Nevada on September 17, 2007. Until March 2010, we were an inactive company known as Freight Management Corp. On March 15, 2010, we changed our name to Genesis Biopharma, Inc., and in 2011 we commenced our current business. On September 26, 2013, we amended and restated our Articles of Incorporation to, among other things, change our name to Lion Biotechnologies, Inc., effect a 1-for-100 reverse stock split (pro-rata reduction of outstanding shares) of our common stock, increase (after the reverse stock split) the number of our authorized number of shares of common stock to 150,000,000 shares, and authorize the issuance of 50,000,000 shares of "blank check" preferred stock, $0.001 par value per share.

Common stock share and per share information contained in these financial statements has been adjusted to reflect the foregoing stock split as if it occurred at the earliest period presented.

Lion Biotechnologies, Inc. is an emerging biotechnology company focused on developing and commercializing adoptive cell therapy (ACT) using autologous tumor infiltrating lymphocytes (TILs) for the treatment of metastatic melanoma and other solid cancers. ACT utilizes T-cells harvested from a patient to treat cancer in that patient. TILs, a kind of anti-tumor T-cells that are naturally present in a patient's tumors, are collected from individual patient tumor samples. The TILs are then activated and expanded ex vivo and then infused back into the patient to fight their tumor cells.

Basis of Presentation of Unaudited Condensed Financial Information

The unaudited condensed financial statements of the Company for the three and six months ended June 30, 2014 and 2013 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-K. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. However, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for the fair presentation of the financial position and the results of operations. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full fiscal year. The balance sheet information as of December 31, 2013 was derived from the audited financial statements included in the Company's financial statements as of and for the year ended December 31, 2013 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 28, 2014. These financial statements should be read in conjunction with that report.

As the Company has not yet commenced any revenue-generating operations, does not have any cash flows from operations, and is dependent on debt and equity funding to finance its operations, the Company was considered a development stage company through March 31, 2014.

In June 2014, as discussed in Note, 2, the Financial Accounting Standards Board issued new guidance that removed all incremental financial reporting requirements from generally accepted accounting principles in the United States for development stage entities. The Company has adopted early this new guidance effective June 30, 2014, as a result of which all inception-to-date financial information and disclosures have been omitted from this report.

Liquidity

We are currently engaged in the development of therapeutics to fight cancer, we do not have any commercial products and have not yet generated any revenues from our biopharmaceutical business. We currently do not anticipate that we will generate any revenues during 2014 from the sale or licensing of any products. In addition, we have not generated any revenues from our prior business plans.

We have not had any revenues and are still in the development stage. As shown in the accompanying condensed financial statements, we have incurred a net loss of $4,369,683 for the six months ended June 30, 2014 and used $3,589,554 of cash in our operating activities during the six months ended June 30, 2014. As of June 30, 2014, we had $18,440,361 of cash or cash equivalents on hand, stockholders' equity of $17,378,870 and had working capital of $17,363,099.

During 2014, we expect to further ramp up our operations, which will increase the amount of cash we will use in our operations. Our budget for 2014 includes increased spending on research and development activities, higher payroll expenses as we increase our professional staff, the costs associated with establishing our new Tampa, Florida, research facility, as well as ongoing payments under the Cooperative Research and Development Agreement (CRADA) we have entered into with the National Cancer Institute (NCI). Our budget anticipates that we will spend approximately $8 million to $10 million in 2014 on budgeted expenditures, although that amount may change materially. Based on the funds we had available on June 30, 2014, we believe that we have sufficient capital to fund our anticipated operating expenses for at least twelve months.

On November 5, 2013, we completed a $23.3 million private placement of our securities to various institutional and individual accredited investors (the "Private Placement"). Despite the amount of funds that we raised in the Private Placement, the estimated cost of completing the development of our TIL-based therapy, and of obtaining all required regulatory approvals to market those product candidates, is substantially greater than the amount of funds we had available on June 30, 2014. Therefore, while we believe that our existing cash balances will be sufficient to fund our currently planned level of operations for at least twelve months, we will have to obtain additional funds in the future to complete our development plans. We intend to seek this additional funding through various financing sources, including possible sales of our securities, and in the longer term through strategic alliances with other pharmaceutical or biopharmaceutical companies.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Loss per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued. For the three and six months ended June 30, 2014 and 2013, the calculations of basic and diluted loss per share are the same because inclusion of potential dilutive securities in the computation would have an anti-dilutive effect due to the net losses.

The potentially dilutive securities at June 30, 2014 consist of options to acquire 868,750 shares of the Company's common stock, warrants to acquire 11,427,764 shares of common stock, and preferred stock that can convert into 2,900,000 shares of common stock.

Fair Value Measurements

The Company uses various inputs in determining the fair value of certain assets and liabilities and measures these on a recurring basis. Financial assets and liabilities recorded at fair value in the balance sheets are categorized by the level of objectivity associated with the inputs used to measure their fair value. Authoritative guidance provided by the Financial Accounting Standards Board (the "FASB") defines the following levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these financial assets and liabilities:

Level 1—Quoted prices in active markets for identical assets or liabilities.
Level 2—Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
Level 3—Unobservable inputs based on the Company's assumptions.

We are required to use observable market data if such data is available, without undue cost and effort. At June 30, 2014 and December 31, 2013, the fair value of cash and cash equivalents and accounts payable approximate their carrying values.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation

The Company periodically grants stock options to employees and non-employees in non-capital raising transactions for as compensation for services rendered. The Company accounts for stock option grants to employees based on the authoritative guidance provided by the Financial Accounting Standards Board where the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option grants to non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board where the value of the stock compensation is determined based upon the measurement date as at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option grants are estimated using a Black-Scholes option pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes option pricing model, and based on actual experience. The assumptions used in the Black-Scholes option pricing model could materially affect compensation expense recorded in future periods.

Recent Accounting Pronouncements

On June 10, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-10 (ASU 2014-10), Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. ASU 2014-10 eliminates the requirement to present inception-to-date information about income statement line items, cash flows, and equity transactions, and clarifies how entities should disclose the risks and uncertainties related to their activities. ASU 2014-10 also eliminates an exception provided to development stage entities in Consolidations (ASC Topic 810) for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The presentation and disclosure requirements in Topic 915 are no longer required for interim and annual reporting periods beginning after December 15, 2014. The revised consolidation standards will take effect in annual periods beginning after December 15, 2015, however, early adoption is permitted. The Company adopted the provisions of ASU 2014-10 for this quarterly report on Form 10-Q for the six-months ended June 30, 2014.

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management has not determined the effect of adopting ASU 2014-09 on our ongoing financial reporting.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)." ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company is currently evaluating the impact of adopting ASU 2014-08 on the Company's results of operations or financial condition.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3. STOCKHOLDERS' EQUITY

Issuance of common stock for services

In January 2014, the Company issued 2,000 shares of common stock with a fair value of $17,700 for services. The shares of common stock issued were valued at the market price on the date of issuance.

Issuance of common stock for services with vesting terms

During the six month period ended June 30, 2014, the Company granted 355,000 shares of its restricted common stock to three of its employees in accordance with the terms of their employment agreements. The 355,000 shares vest over a period of three years. As these shares were granted to employees, the Company calculated the aggregate fair value of these 355,000 shares based on the trading prices of the Company's stock at their grant dates and determined it to be approximately $3,443,000. The allocable portion of the fair value of the stock that vested during the current period ended June 30, 2014 amounted to $335,000 and was recognized as expense during the current period then ended.

During the six month period ended June 30, 2014, the Company also granted 200,000 shares of its restricted common stock to a consultant for services to be rendered pursuant to a consulting agreement. The 200,000 shares granted to the consultant will vest in three installments as follows: (i) 40,000 shares shall vest on September 30, 2014; (ii) 60,000 shares shall vest on September 30, 2015, and (iii) 100,000 shares shall vest on September 30, 2016. As these shares were granted to non-employees, the Company measures the fair value of common stock granted based on the trading price of the Company's stock at each financial reporting date. As the shares vest, they are revalued on each vesting date and an adjustment is recorded for the difference between the fair value already recorded and the current fair value on the date of vesting. The Company calculated the aggregate fair value of the 40,000 shares that will vest on September 30, 2014 based on the trading price of the Company's stock at current reporting date at June 30, 2014 and determined it to be approximately $256,000. The allocable portion of the fair value of the stock that vested during the current period ended June 30, 2014 amounted to $88,155 and was recognized as consulting expense during the current period then ended.

Shares of restricted stock granted above are subject to forfeiture to the Company or other restrictions that will lapse in accordance with a vesting schedule to be determined by our Board. In the event a recipient's employment or service with the Company terminates, any or all of the shares of common stock held by such recipient that have not vested as of the date of termination under the terms of the restricted stock agreement are forfeited to the Company in accordance with such restricted grant agreement.

Rights to acquire shares of common stock under the restricted stock purchase or grant agreement shall be transferable by the recipient only upon such terms and conditions as are set forth in the restricted stock agreement, as the Board shall determine in its discretion, so long as shares of common stock awarded under the restricted stock agreement remains subject to the terms of the such agreement.

Issuance of common stock upon conversion of preferred stock

During the six month period ended June 30, 2014, the Company issued 5,600,000 shares of common stock upon the conversion of 11,200 shares of Series A Convertible Preferred Stock. The conversion shares issued was determined on a formula basis of 500 common shares for each Series A Convertible Preferred Stock held.

NOTE 4. STOCK OPTIONS AND WARRANTS

Stock Options

As of October 14, 2011, the Company's Board of Directors, based upon the approval and recommendation of the Compensation Committee, approved by unanimous written consent the Company's 2011 Equity Incentive Plan (the "2011 Plan") and form of option agreements for grants under the 2011 Plan. Employees, directors, consultants and advisors of the Company are eligible to participate in the 2011 Plan. The 2011 Plan will be administered by the Board of Directors or the Company's Compensation Committee and has 1,700,000 shares of common stock reserved for issuance in the form of non-qualified options, restricted stock and the grant appreciation rights. No person eligible to participate in the 2011 Plan shall be granted options or other awards during a twelve month period that exceeds 300,000 shares. No options, restricted stock or stock appreciation rights may be granted after ten years of the adoption of the 2011 Plan by the Board of Directors, nor may any option have a term of more than ten years from the date of grant. The exercise price of non qualified options and the base value of a stock appreciation right shall not be less than the fair market value of the common stock on the date of grant. The Company's stockholders did not approve the 2011 Plan within the required one-year period. Accordingly, the Company cannot grant incentive stock options under the 2011 Plan.

A summary of the status of stock options at June 30, 2014, and the changes during the six months then ended, is presented in the following table:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2013	278,750	$ 23.10	9.1 years	$ 1,176,063
Granted	615,000	6.79	6.8 years	
Exercised	-			
Expired/Forfeited/Cancelled	(25,000)	125.00	7.3 years	
Outstanding at June 30, 2014	868,750	$ 8.64	7.4 years	$ 425,013
Exercisable at June 30, 2014	183,750	$ 15.89	7.0 years	$ 89,895

On January 6, 2014, the Company granted an option to purchase 100,000 shares of common stock to James G. Bender, Vice President-Manufacturing, in accordance with the terms of Dr. Bender's employment agreement. The stock options have an exercise price of $9.60 and will vest in three installments as follows: Options for the purchase of 33,333 shares vest on January 6, 2015; and the remaining shares vest quarterly over the next two years after January 6, 2015.

On February 2014, the Company entered into consulting agreements with three consultants that provided for the grant of options to purchase an aggregate of 60,000 shares of its common stock with exercise prices ranging from $4.94 to $5.52 per share. These options vested immediately. Also, on February 2014, the Company entered into another consulting agreement with a consultant that provided for the grant of options to purchase 200,000 shares of its common stock at an exercise price of $5.60 per share. The options were to vest as follows: a) 66,000 shares vested on the one year anniversary and b) 184,000 shares vest in equal quarterly installments over the remaining two-year of the agreement.

On May 15, 2014, the Company granted an option to purchase 75,000 shares of common stock to Michael Handelman, Chief Financial Officer, in accordance with the terms of Mr. Handelman's new employment agreement. The stock options have an exercise price of $7.95 and will vest in three installments as follows: Options for the purchase of 25,000 shares vest on May 15, 2015; and the remaining shares vest annually over the next two years after May 15, 2015.

On June 13, 2014, the Company granted an option to purchase 180,000 shares of common stock to Laszlo Radvanyi, PhD, its newly appointed Chief Scientific Officer. The stock options have an exercise price of $6.51 and will vest in three installments as follows: Options for the purchase of 60,000 shares vest on June 13, 2015; and the remaining shares vest annually over the next two years after June 13, 2015.

The aggregate fair value of the options granted in the six months ended June 30, 2014 was $2,767,000. No options were granted in the six months ended June, 2013. The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. For purposes of determining the expected life of the option, an average of the estimated holding period is used. The risk-free rate for periods within the contractual life of the options is based on the U. S. Treasury yield in effect at the time of the grant.

Expected volatility	228%
Expected dividends	0
Expected average term (in years)	6.50
Risk free rate - average	1.875%
Forfeiture rate	0

During the three and six months ended June 30, 2014, the Company recorded compensation costs of $902,000 and $1,340,601, respectively, relating to the vesting of the stock options. During the three and six months ended June 30, 2013, the Company recorded compensation costs of $133,000 and $220,418, respectively, relating to the vesting of the stock options. As of June 30, 2014, the aggregate value of unvested options was $4,178,000, which will continue to be amortized as compensation cost as the options vest over terms ranging from three months to three years, as applicable.

Warrants

A summary of the status of stock warrants at June 30, 2014, and the changes during the six months then ended, is presented in the following table:

	Shares Under Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2013	12,373,156	$ 2.51	4.11 years	$ 31,056,390
Issued	-			
Exercised	(945,392)	2.50		
Expired	-			
Outstanding and exercisable at June 30, 2014	11,427,764	$ 2.51	4.35 years	$ 28,692,910

The warrants outstanding at the beginning of the year were granted in the November 2013 Private Placement and have an exercise price of $2.50 per share. In the six months ended June 30, 3014, the Company received $2,363,480 in cash from the exercise of warrants for the purchase of 945,392 shares of its common stock.

NOTE 5. LICENSE AND COMMITMENTS

National Institutes of Health and the National Cancer Institute

Effective August 5, 2011, the Company signed a Cooperative Research and Development Agreement (CRADA) with the National Institutes of Health and the National Cancer Institute (NCI). Under the terms of the five-year cooperative research and development agreement, the Company will work with Steven A. Rosenberg, M.D., Ph.D., chief of NCI's Surgery Branch, to develop adoptive cell immunotherapies that are designed to destroy metastatic melanoma cells using a patient's tumor infiltrating lymphocytes.

The Company will pay the NCI $250,000 per quarter ($1,000,000 per year) under the CRADA for Dr. Rosenberg to use for technical, statistical, and administrative support, and research activities, as well as to pay for supplies and travel expenses. Although the CRADA has a five year term, either party to the CRADA has the right to terminate the CRADA upon 60 days' notice to the other party.

During the six months ended June 30, 2014 and 2013, the Company recognized $500,000 and $500,000, respectively, of CRADA expenses, which were recorded as part of research and development expenses in the condensed statement of operations. As of June 30, 2014, $250,000 of these CRADA expenses were outstanding and included in the balance of accrued expenses on the accompanying condensed balance sheet.

National Institutes of Health

Effective October 5, 2011, the Company entered into a Patent License Agreement (the "License Agreement") with the National Institutes of Health, an agency of the United States Public Health Service within the Department of Health and Human Services ("NIH"). Pursuant to the License Agreement, NIH granted to the Company a non-exclusive worldwide right and license to develop and manufacture certain proprietary autologous tumor infiltrating lymphocyte adoptive cell therapy products for the treatment of metastatic melanoma, ovarian cancer, breast cancer, and colorectal cancer. The License Agreement required the Company to pay the NIH approximately $723,000 of upfront licensing fees and expense reimbursements in 2011, which amounts were included in Research and Development expenses in fiscal 2011. In addition, the Company will have to pay royalties of six percent (6%) of net sales (subject to certain annual minimum royalty payments), a percentage of revenues from sublicensing arrangements, and lump sum benchmark royalty payments on the achievement of certain clinical and regulatory milestones for each of the various indications and other direct cost incurred by NIH pursuant to the agreement. The Company initially intends to focus on the development of licensed products in the metastatic melanoma field of use. If the Company achieves all benchmarks for metastatic melanoma, up to and including the product's first commercial sale in the United States, the total amount of such benchmark payments will be $6,050,000. The benchmark payments for the other three indications, if all benchmarks are achieved, will be $6,050,000 for ovarian cancer, $12,100,000 for breast cancer, and $12,100,000 for colorectal cancer. Accordingly, if the Company achieves all benchmarks for all four licensed indications, the aggregate amount of benchmark royalty payments that the Company will have to make to NIH will be $36,300,000.

During the six months ended June 30, 2014 and 2013, there were no net sales subject to certain annual minimum royalty payments or sales that would require us to pay a percentage of revenues from sublicensing arrangements. In addition there were no benchmarks or milestones achieved that would require payment under the lump sum benchmark royalty payments on the achievement of certain clinical and regulatory milestones for each of the various indications.

As of December 31, 2013, $941,659 was due under the License Agreement with NIH. On January 17, 2014, the Company paid the NIH the entire past due amount of $941,659 payable to the NIH under the License Agreement. As of June 30, 2014, the Company is current with all of its payment obligations under the License Agreement.

The Company has entered into a Manufacturing Services Agreement with Lonza Walkersville, Inc. (Lonza) to develop and operate a commercial-scale manufacturing process for the TIL therapy. In June 2014 we commenced transferring our TIL manufacturing protocols from the NCI to Lonza, and we engaged Lonza to commence setting up a centralized TIL manufacturing center for our planned multicenter, pivotal clinical trials.

NOTE 6. RELATED PARTY TRANSACTIONS

Accrued Payroll and Fees

As of June 30, 2014 and December 31, 2013, the Company had accrued the unpaid salaries of its officers and fees due to former members of the Company's board of directors in the amount of $239,356 and $338,731, respectively, which is included in accrued expenses in the accompanying condensed balance sheet.

NOTE 7. LEGAL PROCEEDINGS

On April 23, 2014, the Company received a subpoena from the Securities Exchange Commission (the "SEC") that stated that the staff of the SEC is conducting an investigation *In the Matter of Galena Biopharma, Inc. File No. HO 12356 (now known as "In the Matter of Certain Stock Promotions")* and that the subpoena was issued to the Company as part of the foregoing investigation. The SEC's subpoena and accompanying letter do not indicate whether the Company is, or is not, under investigation. The Company has contacted the SEC's staff regarding the subpoena, and the Company is cooperating with the SEC.

The subpoena requires the Company to give the SEC, among other materials, all communications between anyone at the Company and certain persons and entities (which include investor-relations firms and persons associated with the investor-relations firms), all documents related to the listed persons and entities, all articles regarding the Company posted on certain equity research or other financial websites, and documents and communications related to individuals who post or have posted articles regarding the Company on equity research or other financial websites.

Theorem Group, LLC vs. Lion Biotechnologies, Inc. (Case No.: BC550529). On July 2, 2014, Theorem Group, LLC filed a complaint for damages against the Company in the Superior Court of the State of California, Los Angeles County. Prior to relocating its offices to its current location in Woodland Hills, California, the Company subleased its offices from Theorem Group, LLC. In addition, Theorem Group, LLC occasionally made loans to the Company. In its complaint, Theorem Group, LLC alleges that the Company breached the sublease and owes Theorem Group, LLC $138,719 under the sublease for unpaid rent and other expenses. In addition, Theorem Group, LLC alleges that it made a $10,000 loan to the Company on March 18, 2013, and that Theorem Group, LLC and the Company orally agreed that Theorem Group, LLC could convert the $10,000 loan in the May 2013 Restructuring. Theorem Group, LLC alleges that the $10,000 loan was neither repaid nor converted in the Restructuring and, as a result, that Theorem Group, LLC is entitled to damages of $150,000. The foregoing complaint was served on July 23, 2014, and the Company currently is evaluating the merits of the foregoing allegations.

There are no other pending legal proceedings to which the Company is a party or of which its property is the subject.

NOTE 8. SUBSEQUENT EVENTS

Tampa Lease

On July 18, 2014, the Company entered into a five -year lease with the University of South Florida Research Foundation for an approximately 5,200 square foot facility located at 3802 Spectrum Boulevard Tampa, Florida 33612. The new facility is part of the University of South Florida research park and will be used as the Company's research and development facilities. The new space currently is being developed and furbished for the Company's research needs and is expected to be available for use by the end of October 2014. The term of the lease shall commence on the earlier of the date when the Company takes possession of the premises or the date that the tenant improvements are substantially completed. The monthly base rent for this facility during the first year of the lease is $10,443, which amount will increase by 3% annually. The Company has the option to extend the lease term of this facility for an additional five-year period on the same terms and conditions, except that the base rent for the renewal term will be increased in accordance with the applicable consumer price index.

Exclusive License Agreement

On July 21, 2014, the Company entered into an Exclusive License Agreement (the "Moffitt License Agreement"), effective as of June 28, 2014, with the H. Lee Moffitt Cancer Center and Research Institute, Inc. ("Moffitt") under which the Company received an exclusive, world-wide license to Moffitt's rights in and to two patent-pending technologies related to methods for improving tumor-infiltrating lymphocytes for adoptive cell therapy. Unless earlier terminated, the term of the license extends until the earlier of the expiration of the last patent related to the licensed technology or 20 years after the effective date of the license agreement.

Pursuant to the Moffitt License Agreement, the Company agreed to pay an upfront licensing fee, payable within 30 days of the effective date of the Moffitt License Agreement, and a patent issuance fee payable upon the issuance of the first U.S. patent covering the subject technology. In addition, the Company agreed to pay milestone license fees upon completion of specified milestones, customary royalties based on a specified percentage of net sales (which percentage is in the low single digits) and sublicensing payments, as applicable, and annual minimum royalties beginning with the first sale of products based on the licensed technologies, which minimum royalties will be credited against the percentage royalty payments otherwise payable in that year. The Company will also be responsible for all costs associated with the preparation, filing, maintenance and prosecution of the patent applications and patents covered by the Moffitt License Agreement related to the treatment of any cancers in the United States, Europe and Japan and in other countries selected that the Company and Moffitt agreed to.

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

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion and analysis of our results of operations and financial condition for the three and six months ended June 30, 2014 and 2013 should be read in conjunction with the notes to those financial statements that are included in Item 1 of Part 1 of this Quarterly Report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements. All forward-looking statements included in this Quarterly Report are based on information available to us on the date hereof and, except as required by law, we assume no obligation to update any such forward-looking statements. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information in the "Risk Factors" section in our Form 10-K for the year ended December 31, 2013. The identification in this Quarterly Report of factors that may affect future performance and the accuracy of forward-looking statements is meant to be illustrative and by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Background on the Company and Recent Events Affecting our Financial Condition and Operations

On October 5, 2011 we licensed the rights to the adoptive cell therapy from the National Institutes of Health ("NIH") and to a manufacturing process for a TIL-based therapy (initially for Stage IV metastatic melanoma) that we intend to develop to enable us to make the adoptive cell therapy available to a larger number of patients. Under the license agreement we entered into with the NIH (the "License Agreement"), we will have to pay (i) royalties of six percent (6%) of net sales (subject to certain annual minimum royalty payments of $20,000 per year), (ii) a percentage of revenues from sublicensing arrangements, and (iii) lump sum benchmark royalty payments on the achievement of certain clinical and regulatory milestones for each of the various indications.

We have recently been in discussions with the NIH to surrender to the NIH some of the unnecessary patents/patent applications included in the License Agreement and to license additional technologies from the NIH. These additional licensed rights would consist of cells enriched for higher potency that have a lower cost of goods and a shorter manufacturing process. If we do obtain these license rights, our future license fees and other related costs will increase. In addition, should we obtain the additional licenses, a Phase 1 clinical trial is planned at NCI, which will also increase our future operating expenses. No assurance can be given that we will be able to obtain a license to the next generation technologies. If we are able to surrender these patents/patent applications, our future payment obligations under the License Agreement will be reduced. However, these reductions may be offset by future licensing and other payments we may be required to make to the NIH if we are able to license from the NIH the additional technologies currently under discussion.

In order to develop the adoptive cell immunotherapies we licensed from the NIH, effective August 5, 2011, we signed a Cooperative Research and Development Agreement ("CRADA") with the NIH and the National Cancer Institute ("NCI"). Under the terms of the CRADA, we are required to pay $1,000,000 per year (in quarterly installments of $250,000) to support research activities thereunder and to pay for supplies and travel expenses.

In May 2013 we completed a restructuring of our unregistered debt and equity securities (the "Restructuring") and raised $1.25 million. Creditors holding (i) an aggregate of approximately $7.2 million (including accrued interest and penalties) of the senior secured notes, (ii) an aggregate of approximately $1.7 million (including accrued interest and penalties) of bridge promissory notes, and (iii) an aggregate of approximately $0.3 million of other outstanding debt, converted these debts into shares of common stock at a conversion price of $1.00 per share. In connection with the Restructuring, we also sold a total of 3,605,069 shares of common stock for $1,250,000. The effect of the Restructuring and related stock sales and transactions was to extinguish all outstanding secured and unsecured promissory notes (representing liabilities of approximately $8,373,000 in the aggregate) and to raise a total of $1,350,000 of cash from the sale of the securities.

On July 24, 2013, we acquired Lion Biotechnologies, Inc., a privately owned Delaware corporation ("Lion Delaware"), through a merger with our newly formed Delaware subsidiary (the "Lion Merger"). In the Lion Merger, Lion Biotechnologies' stockholders received, in exchange for all of their issued and outstanding shares of common stock, an aggregate of 2,690,000 shares of our common stock with a fair value of $6,700,000 (of these shares, 1,340,000 were issued at the closing of the merger, and an additional 1,350,000 shares of common stock were issued later in 2013 upon the achievement of certain milestones related to our financial performance and position). The acquisition was done to acquire access to technical and managerial resources to build our current and future products, which we believed would enhance or future operations and enable us to obtain additional funding.

In November 2013, in order to fund our operating expenses, we raised a total of $23,290,600 from the sale of our securities in the Private Placement. On November 5, 2013, we issued and sold an aggregate of 3,145,300 shares of our common stock, 17,000 shares of a new series of preferred stock designated as "Series A Convertible Preferred Stock," and warrants (the "Warrants") to purchase an aggregate of 11,645,300 shares of common stock for an aggregate purchase price of $23,290,600 in cash. The amount of net proceeds available to us from the Private Placement, after placement agent fees, legal fees and other expenses, was approximately $21.8 million.

During the six month period ended June 30, 2014, warrants to purchase a total of 945,392 shares were exercised, at a price of $2.50 per share. As a result of these exercises, we received an additional $2,363,480 of cash during the first six months of 2014.

On July 18, 2014, we entered into a five -year lease with the University of South Florida Research Foundation for an approximately 5,200 square foot facility in the University of South Florida research park. The new space will be used as our research and development facilities and is currently being built-out and furbished to our specifications. The landlord is contributing the build-out costs. However, our contribution to the build-out costs during the next three months is projected to be approximately $500,000. The facility is expected to be available for our use by the end of October 2014. The monthly base rent for this facility during the first year of the lease is $10,443, which amount will increase by 3% annually. We recently hired five scientists and research personnel to work at the new research facility, and we expect to hire up to another five full or part-time employees to work at the facility. We will also have to purchase new laboratory equipment and supplies for the new facility. The build-out costs and the cost of the new equipment and supplies will require a substantial investment of funds in the near term, while the subsequent on-going salaries of the new employees will significantly increase our operating costs in the future.

On July 21, 2014, we entered into an Exclusive License Agreement (the "Moffitt License Agreement"), effective as of June 28, 2014, with the H. Lee Moffitt Cancer Center and Research Institute, Inc. ("Moffitt") under which we received an exclusive, world-wide license to Moffitt's rights in and to two patent-pending technologies related to methods for improving tumor-infiltrating lymphocytes for adoptive cell therapy. The license covers the application of this technology to all cancers, including metastatic melanoma. Pursuant to the Moffitt License Agreement, we agreed to pay an upfront licensing fee, payable within 30 days of the effective date of the Moffitt License Agreement, and a patent issuance fee payable upon the issuance of the first U.S. patent covering the subject technology. In addition, we have agreed to pay milestone license fees upon completion of specified milestones, customary royalties based on a specified percentage of net sales (which percentage is in the low single digits) and sublicensing payments, as applicable, and annual minimum royalties beginning with the first sale of products based on the licensed technologies, which minimum royalties will be credited against the percentage royalty payments otherwise payable in that year. We will also be responsible for all costs associated with the preparation, filing, maintenance and prosecution of the patent applications and patents covered by the Moffitt License Agreement related to the treatment of any cancers in the United States, Europe and Japan and in other countries selected that we and Moffitt agreed to. The upfront license fee, the possible patent issuance fees, the on-going patent fees will also add to our future operating costs.

Results of Operations

Revenues

We are currently engaged in the development of therapeutics to fight cancer and have not yet generated any revenues from our biopharmaceutical business or otherwise since our formation. We currently do not anticipate that we will generate any revenues during 2014 from the sale or licensing of any products.

Operating Expenses

Operating expenses include compensation-related costs for our employees engaged in general and administrative activities, legal fees, audit and tax fees, consultants and professional services, and general corporate expenses. Our operating expenses for the three months ended June 30, 2014 and 2013, were $1,749,000 and $779,000, respectively. Our operating expenses during the three months ended June 30, 2014 increased by $970,000 compared with the three months ended June 30, 2013 due to the increase in our operating activities, higher legal fees, and to an increase in the amount of non-cash share-based compensation costs. In the fiscal quarter ended June 30, 2014, we incurred $693,000 of non-cash share based compensation costs, compared to $87,000 of such costs incurred for the three months ended June 30, 2013. Share based compensation includes stock options and shares of restricted stock granted to our executive officers, our employees, our directors, and our consultants and advisors. In the June 30, 2014 fiscal quarter, we incurred increased legal fees compared to the comparable 2013 fiscal quarter for counsel related to patent and licensing issues, and in connection with responding to the SEC's subpoena for certain documents and materials. For the six-month periods ended June 30, 2014 and June 30, 2013, our operating expenses were $3,706,000 and $1,214,000, respectively. In order to incentivize our employees, we grant all new employees stock options and/or shares of restricted stock. These equity grants increase our compensation costs. Since we employed 6 employees at June 30 2014 compared to 1 at June 30, 2013, our total compensation expenses for the six-month period ended June 30 2014 was $533,000 compared to $50,000 for the comparable six-month period in 2013. Likewise, non-cash share-based compensation costs for the six-month period ended June 30, 2014 increased to $1,764,000 compared to only $133,000 in the same six-month period of 2013. As our operating activities increase, we expect to hire additional employees and contractors. These new employees will further increase our future compensation expenses (including our future non-cash, share-based compensation expenses).

Our lease expenses are also expected to increase in October 2014 when our obligation to pay rent commences for our new research and development facility at the H. Lee Moffitt Cancer Center & Research Institute on the Tampa campus of the University of South Florida.

Research and Development.

Research and development expenses to date have been primarily comprised of amounts paid to (i) the National Institutes of Health under terms of the License Agreement, and (ii) the NCI under the CRADA. We are required to pay $250,000 per quarter under the CRADA and the $20,000 annual minimum payments to the NIH under the NIH licensing agreement. Accordingly, these $250,000 quarterly payments represented most of our research and development expenses during the three and six month periods ending June 30, 2013 and 2014. However, in the three- and six-months periods ended June 30, 2014 we also incurred $33,000 of patent prosecution costs and $111,000 of research and development costs. Now that we have leased our own research and development facility and have hired a new Chief Scientific Officer and four new scientists, our research and development activities will significantly increase in the future as we attempt to accelerate the development of our technologies. In addition, we recently issued a new statement of work to Lonza Walkersville, Inc. (Lonza) to commence setting up a centralized TIL manufacturing center for our planned multicenter, pivotal clinical trials. The work to be performed by Lonza will also materially increase our future research and development costs.

Interest Expense.

Since we did not have any outstanding interest-bearing indebtedness in 2014, we did not incur any interest expense in the three- or six-months periods in 2014. Interest expense in the three- and six-month periods ended June 30, 2013 was $104,000 and $446,000, respectively, and represented the amount of interest that accrued on the various secured promissory notes and other convertible notes outstanding during that period. These notes were converted and cancelled in the May 2013 Restructuring.

Cost to Induce Exchange Transaction.

In May 2013 we completed the Restructuring in which we converted approximately $9,268,000 of outstanding debt into shares of common stock and otherwise extinguish all outstanding secured and unsecured promissory notes (representing liabilities of approximately $8,373,000 in the aggregate). In connection with the Restructuring, we incurred costs non-cash expenses of $2,295,868. We did not incur any similar expenses in 2014.

Net Loss

We had a net loss of $2,110,000 and $3,429,000 for the three months ended June 30, 2014 and 2013, respectively, and a net loss of $4,370,000 and $4,476,000 for the six months ended June 30, 2014 and 2013, respectively. Our net loss for three months ended June 30, 2014 was less than the net loss incurred in the three months ended June 30, 2013 because of a significant decrease in costs to induce exchange transaction offset by a significant increase in non-cash share-based compensation and other operating expenses. Our net loss for six-month period ended June 30, 2014 was slightly less than the net loss incurred in the three months ended June 30, 2013 because of the $2,296,000 cost we incurred in the 2013 period due to the Restructuring. Excluding the Restructuring costs, our net loss for the six month ended June 30, 2013 would have been $2,180,000. We anticipate that we will continue to incur net losses in the future because we do not expect to generate any revenues in the near term, while our expenses related to our increased research and development activities are expected to increase.

Liquidity and Capital Resources

As a result of the Restructuring we completed in May 2013 to convert most of our liabilities into equity, and the funds we raised in November 2013 in the Private Placement, as of June 30, 2014 we had cash or cash equivalents of $18,440,000 on hand, $17,363,000 of working capital, and a current ratio of 16 to 1.

For the six months ended June 30, 2014, we used $3,590,000 of cash in operating activities. Our net loss of $4,370,000 exceeded the amount of cash used in our operating activities because our net loss included non-cash compensation expenses of $1,341,000 for vested options and non-cash expenses of $423,000 for the grant of restricted shares. However, we also used $1,113,000 of our cash to pay down a portion of our outstanding accounts payable and accrued expenses.

During the first six months of 2014, our cash flow from investing activities consisted of the $2,363,000 of cash that we received from the exercise of some of the common stock purchase warrants that we sold in the November 2013 Private Placement.

During the remainder of 2014, we expect to incur significant expenses related to the establishment of the new Tampa research and development facility and to the further ramp up our operations. We currently anticipate that we will incur approximately $500,000 of expenses related to the build-out of the Tampa research facility. In addition, we will have to purchase laboratory equipment and laboratory supplies for the new facility. We currently estimate that we will incur over $5 million of expenses during the next two years in connection with the construction, furbishment and operation of the Tampa research facility. Our budget for the balance of 2014 includes increased spending on research and development activities, higher payroll expenses as we increase our professional staff, expenses for establishing and then operating a new research and development facility in Tampa, Florida, as well as ongoing payments under the CRADA. In addition, we recently issued a new statement of work to Lonza Walkersville, Inc. to commence setting up a centralized TIL manufacturing center for our planned multicenter, pivotal clinical trials. The work to be performed by Lonza will also materially increase our near term research and development expenses. Our budget anticipates that we will spend approximately $10 million to $12 million (including amounts that we have already spent) in 2014 on budgeted expenditures, although that amount may change materially. Based on the funds we had available on June 30, 2014, we believe that we have sufficient capital to fund our anticipated operating expenses for at least twelve months.

Despite the amount of funds that we raised in the Private Placement, the estimated cost of completing the development of our TIL therapy, and of obtaining all required regulatory approvals to market those product candidates, substantially exceeds the amount of funds we currently have available. While we believe that our existing cash balances will be sufficient to fund our currently planned level of operations for at least twelve months, we will have to obtain additional funds through various financing sources, including possible sales of our securities and strategic alliances with other pharmaceutical or biopharmaceutical companies, in order to fund all of our anticipated product development costs.

As of the date of this Quarterly Report, our principal long-term obligations consist of the $1,000,000 per year (in quarterly installments of $250,000 through August 2016) obligation to the NCI under the CRADA to support research activities thereunder, and the benchmark payments we are required to make to the NIH based on the development and commercial release of licensed products using the technology underlying the License Agreement. If we achieve all benchmarks for metastatic melanoma, our current primary focus, up to the product's first commercial sale in the United States, the total amount of all such benchmark payments payable under the License Agreement will be $6,050,000 for the melanoma indication. However, this amount may be reduced because we are currently surrendering to the NIH some of the patents/patent applications licensed to us under the License Agreement that we do not believe are useful for our anticipated future research and development or our planned products. Other than these two foregoing contractual obligations to the NCI and the NIH and our lease obligations for our offices in California and Florida (which collectively require us to pay $208,000 of rental payments annually), we currently have no long-term debt obligations and no capital lease obligations. However, through the end of 2014, we expected to incur costs of (i) approximately $500,000 to develop the Tampa, Florida, research facility, and (ii) approximately $1,300,000 for the purchase of laboratory equipment and supplies. We have no financial guarantees, debt or lease agreements or other arrangements that could trigger a requirement for an early payment or that could change the value of our assets, and we do not engage in trading activities involving non-exchange traded contracts.

Inflation and changing prices have had no effect on our continuing operations over our two most recent fiscal years.

Recent Accounting Pronouncements

On June 10, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-10 (ASU 2014-10), Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. ASU 2014-10 eliminates the requirement to present inception-to-date information about income statement line items, cash flows, and equity transactions, and clarifies how entities should disclose the risks and uncertainties related to their activities. ASU 2014-10 also eliminates an exception provided to development stage entities in Consolidations (ASC Topic 810) for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The presentation and disclosure requirements in Topic 915 are no longer required for interim and annual reporting periods beginning after December 15, 2014. The revised consolidation standards will take effect in annual periods beginning after December 15, 2015, however, early adoption is permitted. The Company adopted the provisions of ASU 2014-10 for this quarterly report on Form 10-Q for the six-months ended June 30, 2014.

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management has not determined the effect of adopting ASU 2014-09 on our ongoing financial reporting.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)." ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company is currently evaluating the impact of adopting ASU 2014-08 on the Company's results of operations or financial condition.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not have, or are not believed by management to have a material impact on the Company's present or future financial statements.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements and accompanying notes, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. When making these estimates and assumptions, we consider our historical experience, our knowledge of economic and market factors and various other factors that we believe to be reasonable under the circumstances. Actual results may differ under different estimates and assumptions.

The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Stock-Based Compensation

We periodically issue stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. We adopted FASB guidance effective January 1, 2006, and are using the modified prospective method in which compensation cost is recognized beginning with the effective date (a) for all share-based payments granted after the effective date and (b) for all awards granted to employees prior to the effective date that remain unvested on the effective date. We account for stock option and warrant grants issued and vesting to non-employees in accordance with accounting guidance whereby the fair value of the stock compensation is based on the measurement date as determined at either (a) the date at which a performance commitment is reached, or (b) the date at which the necessary performance to earn the equity instrument is complete.

We estimate the fair value of stock options using the Black-Scholes option-pricing model, which was developed for use in estimating the fair value of options that have no vesting restrictions and are fully transferable. This model requires the input of subjective assumptions, including the expected price volatility of the underlying stock and the expected life of stock options. Projected data related to the expected volatility of stock options is based on the historical volatility of the trading prices of the Company's common stock and the expected life of stock options is based upon the average term and vesting schedules of the options. Changes in these subjective assumptions can materially affect the fair value of the estimate, and therefore the existing valuation models do not provide a precise measure of the fair value of our employee stock options.

Off-Balance Sheet Arrangements

At June 30, 2014, we had no obligations that would require disclosure as off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Securities and Exchange Commission Rule 13a-15(b), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the fiscal quarter covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2014.

Changes in Controls over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended June 30, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Theorem Group, LLC vs. Lion Biotechnologies, Inc. (Case No.: BC550529). On July 2, 2014, Theorem Group, LLC filed a complaint for damages against the Company in the Superior Court of the State of California, Los Angeles County. Prior to relocating its offices to its current location in Woodland Hills, California, the Company subleased its offices from Theorem Group, LLC. In addition, Theorem Group, LLC occasionally made loans to the Company. In its complaint, Theorem Group, LLC alleges that the Company breached the sublease and owes Theorem Group, LLC $138,719 under the sublease for unpaid rent and other expenses. In addition, Theorem Group, LLC alleges that it made a $10,000 loan to the Company on March 18, 2013, and that Theorem Group, LLC and the Company orally agreed that Theorem Group, LLC could convert the $10,000 loan in the May 2013 Restructuring. Theorem Group, LLC alleges that the $10,000 loan was neither repaid nor converted in the Restructuring and, as a result, that Theorem Group, LLC is entitled to damages of $150,000. The foregoing complaint was served on July 23, 2014, and the Company currently is evaluating the merits of the foregoing allegations.

Item 1A. Risk Factors

Information regarding risk factors appears under "Risk Factors" included in Item 1A, Part I, and under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the year ended December 31, 2013. There have been no material changes from the risk factors previously disclosed in the above-mentioned periodic report.

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

During the fiscal quarter ended June 30, 2014, 32 accredited investors who held warrants that the Company sold to them in the November 2013 Private Placement, exercised warrants to purchase 728,392 shares of common stock at an exercise price of $2.50 per share ($1,820,980 in the aggregate). These shares were issued pursuant to an exemption available under Section 4(2) of the Securities Act of 1933, as amended. No commissions were paid with respect to these warrants exercises.

During the fiscal quarter ended June 30, 2014, the Company granted 255,000 shares of restricted stock to two of its executive officers. These shares were issued pursuant to an exemption available under Section 4(2) of the Securities Act of 1933, as amended, and no commissions were paid with respect to these grants.

Item 3. Defaults Upon Senior Securities.

Nothing to report.

Item 4. Mine Safety Disclosures

Nothing to report.

Item 5. Other Information.

Nothing to report.

Item 6. **Exhibits**

Exhibit Number	Description of Exhibit
10.1	Lease, dated July 18, 2014, between the Company and the University of South Florida Research Foundation regarding the research facility located at Tampa, Florida
10.2	Exclusive License Agreement, effective as of June 28, 2014, between the Company and the H. Lee Moffitt Cancer Center and Research Institute, Inc.*
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

* Certain portions of this Exhibit have been omitted based upon a request for confidential treatment filed with the Commission.

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Extension Presentation Linkbase

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.

Lion Biotechnologies, Inc.

August 8, 2014 By: /s/ Manish Singh
Manish Singh
Chief Executive Officer (Principal Executive Officer)

August 8, 2014 By: /s/ Michael Handelman
Michael Handelman
Chief Financial Officer (Principal Financial and Accounting Officer)

LEASE

THIS LEASE is made and entered into as of the Date of this Lease, by and between Landlord and Tenant. "**Date of this Lease**" shall mean the date on which the last one of the Landlord and Tenant has signed this Lease.

W I T N E S S E T H:

Subject to and on the terms and conditions of this Lease, Landlord leases to Tenant and Tenant hires from Landlord the Premises.

1. **BASIC LEASE INFORMATION AND DEFINED TERMS**. The key business terms of this Lease and the defined terms used in this Lease are as follows:

1.1 **Landlord**: UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INCORPORATED, a corporation not for profit under Chapter 617, Florida Statutes, and a direct support organization of the University of South Florida pursuant to Section 1004.28, Florida Statutes.

1.2 **Tenant**: LION BIOTECHNOLOGIES, INC., a Nevada corporation.

1.3 **Building**: The Business Partnership Building located at 3802 Spectrum Boulevard, Tampa, Florida 33612-9218. The Building is located within the Building Project. The square footage of the Building is 96,524.

1.4 **Building Project**: The Building and the parcel of land on which it is located as legally described in **EXHIBIT "A"** and all of the other buildings and improvements located on such land and known as USF Research Park and located of Fowler Avenue and Bruce B. Downs Boulevard, Tampa.

1.5 **Premises**: Suite 305 and Suite 316 both located on the 3rd floor of the Building. The Premises are depicted in the sketch attached as **EXHIBIT "B"**. **EXHIBIT "B"** shows the mutually agreed to space plan for the construction of the Premises. Landlord reserves the right to install, maintain, use, repair, and replace pipes, ducts, conduits, risers, chases, wires, and structural elements leading through the Premises in locations that will not materially interfere with Tenant's use of the Premises.

1.6 **Rentable and Usable Area of the Premises**: Suite 305 is 2,995 usable square feet and 3,495 rentable square feet and Suite 316 is 1,388 usable square feet and 1,620 rentable square feet. The total square footage of the Premises is 4,383 usable square feet and 5,115 rentable square feet. This square footage figure is a stipulated amount, agreed upon by the parties, and constitutes a material part of the economic basis of this Lease and the consideration to Landlord in entering into this Lease.

1.7 **Commencement Date**: The earlier to occur of (a) the date when Tenant takes possession of the Premises for the conduct of its business, or (b) the date of substantial completion of the Tenant Improvements. Substantial completion shall mean the date that a Certificate of Occupancy or its equivalent is issued by the appropriate local government entity concerning the Tenant Improvements, notwithstanding the punchlist items or insubstantial details concerning construction, decoration, or mechanical adjustment remain to be performed.

1.8 **Lease Term**: A term commencing on the Commencement Date and continuing for 60 full calendar months (plus any partial calendar month in which the Commencement Date falls), as extended or sooner terminated under the terms of this Lease.

1.9 **Base Rent**: The following amounts (which do not include sales tax):

Period	Rate Per Square Foot	Monthly Base Rent	Period Base Rent
Months 1-12	$24.50	$10,443	$125,316
Months 13-24	$25.24	$10,759	$129,108
Months 25-36	$25.99	$11,078	$132,936
Months 37-48	$26.77	$11,411	$136,932
Months 49-60	$27.57	$11,752	$141,024

1.10 **Allocated Share**: 5.299%. This share is a stipulated percentage, agreed upon by the parties, and constitutes a material part of the economic basis of this Lease and the consideration to Landlord in entering into this Lease.

1.11 **Security Deposit**: $11,174 (one month's Base Rent plus 7% sales tax) to be delivered to Landlord upon Tenant's execution of this Lease.

1.12 **Tenant's Notice Address**: 21900 Burbank Boulevard, 3rd Floor, Woodland Hills, California 91367.

1.13 **Landlord's Notice Address**: 3802 Spectrum Boulevard, Suite 100, Tampa, Florida 33612.

1.14 **Tenant Improvement Allowance**: $30.00 per rentable square foot, to be paid in accordance with the Tenant Improvements section of this Lease.

1.15 **Tenant's Broker**: NONE.

1.16 **Landlord's Broker**: NONE.

1.17 **Guarantor**: NONE and any other party who subsequently guarantees all or any part of Tenant's obligations under this Lease.

1.18 **Other Defined Terms**: An index of the other defined terms used in this Lease is set forth below with a cross-reference to the section of the Lease in which the definition of such term can be found:

DEFINITION	ARTICLE OF LEASE
Alterations	**Alterations**
Base Year	**Operating Costs**
Cards	**Parking**
Comparative Year	**Operating Costs**
Common Areas	**Common Areas**

DEFINITION	ARTICLE OF LEASE
Date of this Lease	**Introductory Paragraph**
Operating Costs	**Operating Costs**
Parking Areas	**Parking**
Parking Ratio	**Parking**
Prime Rate	**Default**
Real Estate Taxes	**Operating Costs**
Rent	**Rent**
Rules and Regulations	**Use**
Unavoidable Delay	**Impossibility of Performance**

2. **TERM**.

2.1 **General.** Tenant shall have and hold the Premises for the Lease Term. The Lease Term shall commence on the Commencement Date. Landlord shall determine the Commencement Date as provided in Basic Lease Information and Defined Terms article of this Lease and shall notify Tenant in writing of the date so determined within 30 days following the Commencement Date. Tenant shall, if Landlord so requests, thereafter execute a letter confirming the Commencement Date and the expiration date of this Lease in the form of **EXHIBIT "E"**. Landlord shall use its commercially reasonable efforts to deliver the Premises, with all of the Tenant Improvements substantially complete, 90 days from the execution of this Lease subject to 9.3 Tenant Improvements. Notwithstanding anything to the contrary in this Lease, Landlord shall deliver the Premises free of all hazardous materials, in compliance with all applicable laws (including, without limitation, ADA), free of leakage, and with all building systems in good operating order.

2.2 **Early Occupancy**. Landlord will permit Tenant to enter the Premises for 15 days prior to the Commencement Date for the purpose of installing Tenant's computer and telephone cabling and installing fixtures, furniture, and equipment, provided that Tenant's access to the Premises shall be subject to all of the terms and provisions of the Lease, except as to the payment of Rent. Landlord may restrict Tenant's access to the Premises if Landlord reasonably determines that the commencement or continuation, or both, of such work interferes with, hampers, or prevents completion of the Tenant Improvements. Any entry by Tenant in the Premises prior to the Commencement Date shall be at Tenant's sole risk and subject to Tenant providing Landlord with prior written notice of its intended access. Tenant shall adopt a schedule for construction and installation of any work to be performed on behalf of Tenant in addition to the Tenant Improvements in conformance with Landlord's schedule for the Tenant Improvements and shall conduct its work in such a manner as to maintain harmonious labor relations and so not as to interfere unreasonably with or delay the Tenant Improvements. If Tenant elects to perform any work utilizing a contractor other than Landlord or the contractor performing the Tenant Improvements, all such work shall be subject to the administrative supervision of Landlord and the contractor performing the Tenant Improvements, at no charge to Tenant.

3. **USE**. Tenant shall continuously use and occupy the Premises only for general office and laboratory purposes directly related to the business conducted by Tenant as of the Date of this Lease. Tenant shall not use or permit or suffer the use of the Premises for any other business or purpose. Tenant shall conform to the Rules and Regulations. "**Rules and Regulations**" shall mean the rules and regulations for the Building promulgated by Landlord from time to time. The Rules and Regulations which apply as of the Date of this Lease are attached as **EXHIBIT "D"**.

4. **RENT**. Tenant shall pay to Landlord in lawful United States currency the Base Rent. On the execution of this Lease by Tenant, Tenant shall pay to Landlord the installments of Base Rent for the first month of the Lease Term for which Rent is due and not abated. Base Rent and additional rent for Operating Costs are hereafter referred to collectively as "Monthly Rent". All Monthly Rent shall be payable in equal monthly installments, in advance, beginning on the Commencement Date, and continuing on the first day of each and every calendar month thereafter during the Lease Term. Unless otherwise expressly provided, all monetary obligations of Tenant to Landlord under this Lease, of any type or nature, other than Base Rent, shall be denominated as additional rent. Except as otherwise provided, any additional rent payments invoiced separately of Monthly Rent installments are due thirty days after delivery of an invoice. Tenant shall pay monthly to Landlord any sales, use, or other tax (excluding state and federal income tax) now or hereafter imposed on any Rent due under this Lease unless exempted by law. The term "**Rent**" when used in this Lease shall include Base Rent and all forms of additional rent referred to collectively as "Monthly Rent". All Rent shall be paid to Landlord without demand, setoff, or deduction whatsoever, except as specifically provided in this Lease, at Landlord's Notice Address, or at such other place as Landlord shall designate in writing to Tenant. Tenant's obligations to pay Rent are covenants independent of the Landlord's obligations under this Lease.

5. **OPERATING COSTS**.

5.1 **General**. Tenant shall pay to Landlord its Allocated Share of Operating Costs in accordance with the terms and provisions of this article.

5.2 **Defined Terms**: The following terms shall have the following definitions:

5.2.1 "**Base Year**" shall mean Landlord's fiscal year of July 1, 2014 – June 30, 2015.

5.2.2 "**Comparative Year**" shall mean each fiscal year subsequent to the Base Year.

5.3 Real Estate Taxes. The term "Real Estate Taxes" shall mean the total of all taxes, assessments, and other charges by any governmental or quasi-governmental authority, including real and personal property (used in connection with Landlord's operation and management of the Building) taxes, transit and other special district taxes, franchise taxes, and solid waste assessments that are assessed, levied or in any other manner imposed on the Building. If a tax shall be levied against Landlord in substitution in whole or in part for the Real Estate Taxes or otherwise as a result of the ownership of the Building, then the other tax shall be deemed to be included within the definition of "Real Estate Taxes". "Real Estate Taxes" shall also include all costs incurred by Landlord in contesting the amount of the assessment of the Building made for Real Estate Tax purposes, including attorneys', consultants', and appraisers' fees, and any credit or refund received shall be credited to Tenant as to its Allocated Share. With respect to any assessments or taxes for which Landlord has the right to elect to make a lump sum payment, or cause such assessment or tax to be amortized and paid over a period of time, Landlord shall include in the definition of Real Estate Taxes only the amortized portion (calculated at the longest period of time permitted by such taxing authority) of such taxes and assessments (regardless of any applicable interest charges). If Landlord elects to prepay standard real estate property taxes assessed for a fiscal year in one lump sum, rather than over time, in order to obtain the benefit of a discount, such payment shall be included within the definition of Real Estate Taxes, except that during any fiscal year in which this Lease is only in effect for a portion of the year, the Tenant's Allocated Share shall be prorated.

5.4 Operating Costs. The term "Operating Costs" shall mean the total of all of the costs incurred by Landlord relating to the ownership, operation, and maintenance of the Building and the services provided tenants in the Building. By way of explanation and clarification, but not by way of limitation, Operating Costs will include the costs and expenses incurred for the following: Real Estate Taxes; pest control; trash and garbage removal (including dumpster rental); porter and matron service; security; Common Areas decorations; repairs, maintenance, and alteration of building systems, Common Areas, and other portions of the Building to be maintained by Landlord; amounts paid under easements or other recorded agreements affecting the Building, including assessments paid to property owners' associations; repairs, maintenance, replacements, and improvements that are appropriate for the continued operation of the Building as a first class building (excluding capital improvements, except to the extent such costs are incurred either to (a) comply with laws passed after the Commencement Date; or (b) for capital improvements made to reduce Operating Costs; and any costs of capital improvements shall be amortized, on a straight-line basis, over the useful life of the improvement); improvements in security systems; materials, tools, supplies, and equipment to enable Landlord to supply services that Landlord would otherwise have obtained from a third party; expenditures designed to result in savings or reductions in Operating Costs; landscaping, including fertilization and irrigation supply; parking area maintenance and supply; reasonable and competitive property management fees; an onsite management office charged at an amount that is reasonable and comparable to similar buildings and projects in the same geographic area; all utilities serving the Building and not separately billed to or reimbursed by any tenant of the Building; cleaning; window washing, and janitorial services; all insurance customarily carried by owners of comparable buildings or required by any mortgagee of the Building; supplies; service and maintenance contracts for the Building; wages, salaries, and other benefits and costs of employees of the Landlord up to and including the building manager (including a pro rata share only of the wages and benefits of employees who are employed at more than one building; which pro rata share shall be determined by Landlord and shall be based on Landlord's estimate of the percentage of time spent by the employees at the Building); legal, accounting, and administrative costs not associated with tenanting the building; and uniforms and working clothes for employees and the cleaning of them. Landlord may contract for the performance of some or all of the management and maintenance functions generally described in this section with entities that are affiliated with Landlord. Operating Costs shall also include an allocated share of other costs which would fall within the definition of Operating Costs were they incurred as to the Building, but which are incurred or borne by Landlord and (a) which relate to amenities serving the Building, such as, but not limited to, parking facilities, or (b) which relate to the entire Building Project such as, but not limited to, protection and security, expenses of the management office for the Building Project, property management fees, general and administrative costs, salaries and related expenses of employees. Landlord will make the allocations of these costs to the Building in good faith. However, Tenant specifically acknowledges that the making of allocations requires the exercise of business judgment which could be subject to differing opinions. Accordingly, Landlord's allocations will be upheld unless Tenant can prove that the allocations have been made in bad faith and are arbitrary and discriminatory as to Tenant. Notwithstanding anything to the contrary in this Lease, Operating Costs shall not include depreciation of the Building or the Building Project; principal, interest, points and fees on debt or amortization payments, and late payment penalties and interest on any real property mortgages or deeds of trust, and other costs of financing or refinancing the Building or the Building Project; costs of capital improvements, except as specifically permitted above; costs incurred to bring the Building or Premises into in full compliance with all governmental regulations, ordinances and laws that were in effect at the effective date of this Lease; costs to remove or otherwise remediate hazardous materials or comply with laws regulating hazardous materials; any bad debt loss, rent loss or reserves for bad debts or rent loss and reserves for Operating Costs or capital improvements; and the cost of goods or services paid to Landlord, or to any subsidiary or affiliate of Landlord, to the extent such costs exceed the costs of comparable goods or services delivered or rendered by unaffiliated third parties.

5.5 **Variable Operating Costs**. If during any year (including the Base Year) the entire Building is not occupied or Landlord is not furnishing utilities or services to all of the premises in the Building, then the variable Operating Costs for such year shall be "grossed up" (using reasonable projections and assumptions) to the amounts that would apply if the entire Building were completely occupied and all of the premises in the Building were provided with the applicable utilities or services. Variable Operating Costs are Operating Costs that are variable with the level of occupancy of the Building (such as janitorial services, utilities, refuse and waste disposal, and management fees).

5.6 **Additional Rent**: If the Operating Costs for any Comparative Year shall be greater than the Operating Costs for the Base Year, Tenant shall pay to Landlord an amount equal to Tenant's Allocated Share of the excess of the Operating Costs for the Comparative Year over the Operating Costs for the Base Year, however any additional costs owed by Tenant shall be capped at five percent (5%) over the proceeding year's operating expenses.

5.7 **Payment**. Landlord shall deliver to Tenant, within 75 days from the end of the year, the actual Operating Costs for the Base Year. Landlord shall reasonably estimate the Operating Costs that will be payable for each fiscal year. Tenant shall pay one-twelfth of Tenant's Allocated Share of the estimated Operating Costs monthly in advance commencing on July 1, 2015, together with the payment of Base Rent. Should any assumptions used in creating a budget change, Landlord may adjust the estimated monthly Operating Costs payments to be made by Tenant by notice to Tenant. After the conclusion of each fiscal year, Landlord shall furnish Tenant a statement of the actual Operating Costs for the year and an adjustment shall be made between Landlord and Tenant with payment to or repayment by Landlord, as the case may require. Tenant waives and releases any and all objections or claims relating to Operating Costs for any fiscal year unless, within 60 days after Landlord provides Tenant with the annual statement of the actual Operating Costs for the fiscal year, Tenant provides Landlord notice that it disputes the statement and specifies the matters disputed. If Tenant disputes the statement then, pending resolution of the dispute, Tenant shall pay the Rent in question to Landlord in the amount provided in the disputed statement.

5.8 **Cap on Controllable Costs**. Notwithstanding anything contained in this Lease to the contrary, for purposes of computing Tenant's Allocated Share of Operating Costs, Controllable Costs (as defined in this paragraph) for any fiscal shall not exceed the Cap Amount (as defined in this paragraph) for that fiscal year. The "Cap Amount" for any given fiscal year during the Lease Term shall be an amount determined by increasing the Controllable Costs for the fiscal year in which the Commencement Date occurs by 5% per annum on a cumulative basis. "**Controllable Costs**" shall mean all Operating Costs other than the costs of Real Estate Taxes, all insurance related costs, all utility and waste collection related costs, costs resulting from acts of God, and all costs incurred in complying with changes in the law that were enacted after the Commencement Date. In addition, the Cap Amount shall exclude increases in Controllable Costs resulting from any increases in governmentally mandated minimum hourly wage rates in effect as of the Date of this Lease.

5.9 **Alternate Computation**. Instead of including in Operating Costs certain costs, Landlord may bill Tenant, and Tenant shall pay for those costs, in any one or a combination of the following manners: (a) direct charges for services provided for the exclusive benefit of the Premises that are subject to quantification; (b) based on a formula that takes into account the relative intensity or quantity of use of utilities or services by Tenant and all other recipients of the utilities or services, as reasonably determined by Landlord; or (c) pro rata based on the ratio that the Rentable Area of the Premises bears to the total rentable area of the tenant premises within the Building or the Building Project, as the case may be, that are benefited by such costs.

6. **ASSIGNMENT OR SUBLETTING**.

6.1 **General**. Except as otherwise provided in Section 6.2, Tenant may not transfer any of its rights under this Lease, voluntarily or involuntarily, whether by merger, consolidation, dissolution, operation of law, or any other manner, without Landlord's consent, which shall not be unreasonably withheld; provided, however, that it shall not be unreasonable for Landlord to deny consent if the proposed usage is not in compliance with the covenants governing the Building Project. Without limiting the generality of the foregoing, Tenant may not sublease, assign, mortgage, encumber, permit the transfer of ownership or control of the business entity comprising Tenant, or permit any portion of the Premises to be occupied by third parties. Consent by Landlord to a transfer shall not relieve Tenant from the obligation to obtain Landlord's consent to any further transfer. Tenant shall remain fully liable for all obligations under this Lease following any such transfer. The joint and several liability of Tenant, and any successor in interest of Tenant (by assignment or otherwise) under this Lease shall not in any way be affected by any agreement that modifies any of the rights or obligations of the parties under this Lease or any waiver of, or failure to enforce, any obligation under this Lease. If Landlord consents to any transfer, Tenant shall pay to Landlord, on demand, an administrative fee of
$1,000 and will reimburse Landlord for all of Landlord's reasonable attorneys' fees and costs associated with Landlord's consent. Any transfer by Tenant in violation of this article shall, at Landlord's option, be void.

6.2 **Permitted Transfers**. Notwithstanding Section 6.1, Landlord's consent will not be required as to any change in the shareholders of Tenant, or a transfer to a Tenant Affiliate, or to any entity into or with which Tenant may be merged or consolidated or by which it is acquired (a "**Permitted Transfer**"), provided that the resulting entity through merger, acquisition or circulation shall own all or substantially all of the assets of Tenant and is sufficiently creditworthy to meet the obligations of the Lease. The form of any agreement of assignment or any sublease shall otherwise comply with the terms and conditions of this article, the significant purpose of any such transfer shall not be to avoid the restrictions on transfer otherwise imposed under this article. For purposes of this **Section 6.2**, a “Tenant Affiliate” shall mean only a wholly-owned subsidiary of Tenant. Use of the Premises must remain consistent with the USF Research Park covenants.

7. **INSURANCE**.

7.1 **Tenant’s Insurance**. From the date Landlord grants Tenant access to the Premises and continuously throughout the Term, Tenant shall maintain the following insurance coverages.

7.1.1 **Commercial General Liability**. Commercial general liability insurance, including contractual liability, on an occurrence basis, on the then most current Insurance Services Office (ISO) form, with combined single limits of $3 million per occurrence for death, bodily injury, and property damage, which coverage limits may be effected with umbrella coverage.

7.1.2 **Property**. Property insurance on the ISO causes of loss-special form, in an amount adequate to cover 100% of the replacement costs, without co-insurance, of all of Tenant’s property at the Premises. The Landlord shall not be liable to the Tenant or any other person for any injury, loss or damage to property or to any person on the Premises. Landlord is not required to carry or provide any insurance on any person or property on the Premises.

7.1.3 **Workers' Compensation**. Workers' compensation insurance covering Tenant and its employees for all costs, statutory benefits, and liabilities under state workers' compensation, disability, and similar laws.

7.1.4 **Other Insurance**. Such other insurance as may be reasonably required by Landlord that is consistent with the type and amount of insurance required by other landlords of comparable properties in the same geographic area as the Premises.

7.2 **Insurance Requirements**. All insurance policies shall be written with insurance companies having a policyholder rating of at least "A-" and a financial size category of at least "Class XII" as rated in the most recent edition of "Best's Key Rating Guide" for insurance companies. The commercial general liability insurance policy shall name Landlord and Landlord's directors, officers, partners, agents, employees and managing agent as additional insureds. Tenant shall provide at least 30 days' prior notice to Landlord if any policy required hereunder is terminated or modified in any way that would materially decrease the protection afforded Landlord under this Lease. Tenant shall furnish evidence of insurance (on ACORD 27 or other form acceptable to Landlord). Coverage amounts for the commercial general liability insurance may be increased after commencement of the third full year of the Lease Term, if Landlord shall reasonably determine that an increase is necessary for adequate protection and such increase is consistent with the insurance maintained by similarly situated landlords of comparable buildings of similar quality in the Northeast Tampa market area.

7.3 **Landlord's Insurance.** Landlord shall maintain special form property insurance on the Building in an amount not less than 80% of the replacement cost of the Building and commercial general liability insurance relating to the Building and its appurtenances in an amount not less than $3 million per occurrence. In addition, Landlord may, at its option, maintain coverages in excess of the minimum limits set forth in this section and additional coverages. The total cost of all insurance maintained by Landlord under this section shall be included in Operating Costs to the extent provided in Section 5.4.

7.4 **Waiver of Subrogation**. Landlord and Tenant each expressly, knowingly, and voluntarily waive and release any claims that they may have against the other or the other's employees, agents, or contractors for damage to its properties and loss of business (specifically including loss of Rent by Landlord and business interruption by Tenant) as a result of the acts or omissions of the other party or the other party's employees, agents, or contractors (specifically including the negligence of either party or its employees, agents, or contractors and the intentional misconduct of the employees, agents, or contractors of either party), to the extent any such claims are covered (without regard to losses not compensated as a result of such things as coinsurance adjustments or deductibles) by the workers' compensation and property insurance described in this Lease, the ISO forms of business income and extra expense insurance policies, even if not maintained by Tenant, or other property insurance that either party may carry at the time of an occurrence. Landlord and Tenant shall each, on or before the earlier of the Commencement Date or the date on which Tenant first enters the Premises for any purpose, obtain and keep in full force and effect at all times thereafter a waiver of subrogation from its insurer concerning the workers' compensation and all forms of property insurance maintained by it for the Building.

8. **DEFAULT**.

8.1 **Events of Default**. Each of the following shall be an event of default under this Lease:
(a) Tenant fails to make any payment of Rent within five (5) business days of the date following receipt of notice of nonpayment; or (b) Tenant fails to perform any other obligation under this Lease within fifteen (15) days following receipt of notice of the obligation that is to be cured, and such additional time as may be required to complete the cure so long as Tenant has commenced the cure within such fifteen (15) day period and diligently prosecutes the cure to completion; or (c) Tenant or any Guarantor for Tenant's obligations under this Lease becomes bankrupt or insolvent or makes an assignment for the benefit of creditors or takes the benefit of any insolvency act, or if any debtor proceedings be taken by or against Tenant or any Guarantor; or (d) Tenant abandons the Premises, which includes a monetary default; (e) Tenant transfers this Lease in violation of the Assignment or Subletting article; or (f) Tenant fails to deliver an estoppel certificate within the time period required by the Estoppel Certificates article of this Lease, following a two business day notice and cure period.

8.2 **Remedies**. In addition to all remedies provided by law, if Tenant defaults and such default is not cured within the time periods described in Section 8.1, Landlord may terminate this Lease or Tenant's right of possession of the Premises (without terminating this Lease) by notice to Tenant. If Landlord terminates this Lease or Tenant's right of possession, Tenant shall remain liable for all Rent owed by the full Lease Term. In addition, Landlord may declare the entire balance of all forms of Rent due under this Lease for the remainder of the Lease Term to be forthwith due and payable and may collect the then present value of the Rents (calculated using a discount rate equal to the discount rate of the branch of the Federal Reserve Bank closest to the Premises in effect as of the date of the default). Landlord shall account to Tenant, at the date of the expiration of the Lease Term, for the net amounts (taking into consideration marketing/advertising costs, legal expenses, brokerage commissions, "free rent", moving costs, or other incentives granted, and the cost of improvements to the Premises required by replacement tenants) actually collected by Landlord as a result of a reletting.

8.3 **Landlord's Right to Perform**. If Tenant defaults and such default is not cured within the time periods described in Section 8.1, Landlord may, but shall have no obligation to, perform the obligations of Tenant, and if Landlord, in doing so, makes any expenditures or incurs any obligation for the payment of money, including reasonable attorneys' fees, the sums so paid or obligations incurred shall be paid by Tenant to Landlord within 15 days of rendition of a bill or statement to Tenant therefor.

8.4 **Late Charges and Interest**. If any payment due Landlord under this Lease shall not be paid within five days of the date when due, Tenant shall pay, in addition to the payment then due, an administrative charge equal to the greater of (a) 5% of the past due payments; or (b) $250. All payments due Landlord under this Lease shall bear interest at the lesser of: (a) the Prime Rate in effect as of the date when the installment was due, plus 500 basis points, or (b) the highest rate of interest permitted to be charged by applicable law, accruing from the date the obligation arose through the date payment is actually received by Landlord. "**Prime Rate**" shall mean the rate (or the average of rates, if more than one rate appears) inserted in the blank of the "Money Rate" Section of the *Wall Street Journal (Eastern Edition)* in the section reading "Prime Rate %."

8.5 **Limitations**. None of Landlord's officers, employees, agents, directors, shareholders, partners, or affiliates shall ever have any personal liability to Tenant under this Lease. No person holding Landlord's interest under this Lease shall have any liability after such person ceases to hold such interest,

except for any liability accruing while such person held such interest and except ensuring that the Security Deposit is either refunded to Tenant or delivered to any purchaser of Landlord's interest in this Lease. Except with respect to remedies or rights of reimbursement to which the Tenant may be entitled under Section 18 herein,
TENANT SHALL LOOK SOLELY TO LANDLORD'S ESTATE AND INTEREST IN THE BUILDING FOR THE SATISFACTION OF ANY RIGHT OR REMEDY OF TENANT UNDER THIS LEASE, AND NO OTHER ASSETS OF LANDLORD SHALL BE SUBJECT TO
LEVY, EXECUTION, OR OTHER ENFORCEMENT PROCEDURE FOR THE SATISFACTION OF TENANT'S RIGHTS OR REMEDIES UNDER THIS LEASE, OR ANY OTHER LIABILITY OF LANDLORD TO TENANT OF WHATEVER KIND OR NATURE. Tenant waives any claims against Landlord that Tenant does not make in writing within 120 days of the onset of the cause of such claim. Landlord and Tenant each waive all rights (other than rights under the End of Term article) to consequential damages, punitive damages, or special damages of any kind except with respect to any reimbursement obligations that Landlord may have to Tenant for damages or injuries claimed by third parties under Section 18 herein.

8.6 **Presumption of Abandonment**. It shall be conclusively presumed that Tenant has abandoned the Premises if Tenant fails to keep the Premises open for business during regular business hours for ten consecutive business days while in monetary default. Any grace periods set forth in this article shall not apply to the application of this presumption.

9. **ALTERATIONS**. "**Alterations**" shall mean any alteration, addition, or improvement in or on or to the Premises of any kind or nature made by or on behalf of Tenant (excluding the initial Tenant Improvements).

9.1 **Consent Required**. Tenant shall make no Alterations without the prior written consent of Landlord, which consent may be arbitrarily withheld; provided, however, Landlord will not unreasonably withhold or delay consent to nonstructural interior Alterations, provided that they do not affect utility services or plumbing and electrical lines or other systems of the Building Project, are not visible from outside the Premises, and do not require other alterations, additions, or improvements to portions of the Building Project outside the Premises (collectively, "Non-structural Alterations"). Further, Landlord's consent shall not be required for Non-Structural Alterations of a cosmetic nature, such as paint, carpet, hanging photos, etc.

9.2 **Conditions.** All Alterations shall be performed in accordance with the following:

9.2.1 All Alterations requiring a building permit shall be performed in accordance with plans and specifications first submitted to Landlord for its prior written approval, which approval shall not be unreasonably withheld. Landlord shall be given, in writing, a good description of all other Alterations. Any changes in or deviations from the plans originally approved by Landlord must be similarly approved by Landlord.

9.2.2 All Alterations shall be done in a good and workmanlike manner. Tenant shall, before the commencement of any Alterations, obtain and exhibit to Landlord any governmental permit required for the Alterations and certificates evidencing the existence of commercial general liability, and workers' compensation insurance complying with the requirements of the Insurance article of this Lease. All Alterations performed by or on behalf of Tenant shall comply with Landlord's standards, guidelines, and procedures for construction in the Building Project.

9.2.3 All Alterations shall be done in compliance with all other applicable provisions of this Lease and with all applicable laws, ordinances, directives, rules, and regulations of governmental authorities having jurisdiction, including the ADA and all laws dealing with the abatement, storage, transportation, and disposal of asbestos or other hazardous materials, which work, if required, shall be effected by contractors and consultants approved by Landlord and in strict compliance with all applicable laws. Notwithstanding anything to the contrary contained in this article, Tenant shall not penetrate or disrupt the structural columns of the building located within the Premises or any area within three feet of any structural column, in performing any Alterations.

9.2.4 All work shall be performed by contractors having, in the reasonable opinion of Landlord, the proper qualifications. Tenant shall provide Landlord with the name of the Tenant's contractor, a copy of the contractor's licenses to do work in the subject jurisdiction(s), a Contractor's Qualification Statement in the most current American Institute of Architects form, a copy of the executed contract between the Tenant and its contractor, a copy of the contractor's work schedule, and contractor's certificate of insurance naming Landlord and any other delegates as additional insured.

9.2.5 All work to be performed by Tenant shall be done in a manner that will not unreasonably interfere with or disturb other tenants and occupants of the Building Project. Tenant shall submit to Landlord a plan for execution of the work indicating in reasonable detail the manner in which the work shall be prosecuted in view of the necessity of minimizing noise and inconvenience to the users of the Building Project and shall allow Landlord access to review the progress of the work upon request. The plan shall be subject to the reasonable approval of Landlord. The plan shall provide that all portions of the work involving excessive noise or inconvenience to other users of the Building Project shall be done after Normal Business Hours.

9.2.6 Any damage to any part of the Building Project that occurs as a result of any Alterations shall be promptly repaired by Tenant to the reasonable satisfaction of Landlord.

9.2.7 Tenant and its contractor and all other persons performing any Alterations shall abide by Landlord's job site rules and regulations and fully cooperate with Landlord's construction representative(s) in coordinating all of the work in the Building Project, including hours of work, parking, and use of the construction elevator.

9.2.8 All Alterations will comply with the requirements of any energy efficiency program offered by the electric service provider to the Building Project.

9.2.9 Landlord, or its agent or contractor, may supervise the performance of any Alterations.

9.2.10 Landlord, or its agent or contractor, may supervise the performance of any Alterations if requested by Tenant and, if so, Tenant shall pay to Landlord an amount equal to 5% of the cost of the work as a fee for supervision and coordination of the work and as reimbursement for expenses incurred by Landlord in connection with Landlord's supervision and coordination.

9.3 **Tenant Improvements**.

9.3.1 **Definitions**. The following terms shall have the following definitions: (a) "**Plans**" shall mean plans and specifications for the improvements to the Premises desired by Tenant; (b) "**Tenant Improvements**" shall mean all of the work described in the Plans and any extra work or changes performed under revisions to the Plans; and (c) "**Work Cost**" shall mean the aggregate of (i) engineering and architectural and other design fees for the Tenant Improvements, plus (ii) filing fees, permit costs, governmental requirements, testing and inspection costs, incurred for or necessitated by the Tenant Improvements, plus (iii) all costs of demolition of any existing improvements in the Premises, plus (iv) the actual cost of all labor and materials furnished in connection with the Tenant Improvements, including all costs associated with extra work or change orders. Landlord will not charge for its review of plans and supervision of construction, or for standard parking, elevator or dock usage, utilities, security or overtime construction costs.

9.3.2 **Tenant Improvement Allowance**. If and for as long as Tenant is not in default under this Lease beyond any applicable grace period, Tenant shall be entitled to a fixed price tenant improvement allowance in the amount set forth in the Basic Lease Provisions of this Lease. The tenant improvement allowance shall be applied to the Work Cost. Tenant shall pay the entire amount of the Work Cost which is in excess of the allowance. When Landlord has entered into a contract for the Tenant Improvements, Landlord will provide Tenant a notice setting forth the expected total Work Cost. Within ten business days of Landlord's delivery of such notice, Tenant shall pay to Landlord the amount, if any, by which the anticipated Work Cost exceeds the amount of the tenant improvement allowance. If the Work Cost is less than the allowance, the balance may be used by Tenant for moving costs, cabling, furniture, fixtures and equipment.

9.3.3 **Plans**. Tenant will cooperate fully with Landlord and Landlord's architect and engineer to facilitate the preparation of the Plans. Tenant will respond promptly to any requests for information submitted by Landlord and Landlord's architect and engineer. Upon request by Landlord, Tenant will meet promptly with Landlord's architect and engineer to review and discuss the Plans. Promptly following the completion of the Plans, Landlord shall cause the Plans to be delivered to Tenant for Tenant's written approval. Tenant's approval of the Plans shall not be unreasonably withheld. Tenant must notify Landlord of its approval or disapproval of the Plans within ten business days of Landlord's delivery thereof to Tenant. Tenant's failure to respond to Landlord's submission of the Plans within the ten business-day period shall constitute a Delay. The commissioning by Landlord of the Plans and any approval by Landlord of any similar plans and specifications for any other Alterations or the supervision by Landlord of any work performed on behalf of Tenant shall not:
(a) imply Landlord's approval of the quality of design or fitness of any material or device used; (b) imply that the Plans are in compliance with any codes or other requirements of governmental authority; (c) impose any liability on Landlord to Tenant or any third party; or (d) serve as a waiver or forfeiture of any right of Landlord.

9.3.4 **Contractor**. Landlord shall, in its reasonable discretion, select a licensed Florida general contractor to perform the Tenant Improvements who has provided a cost estimate that is acceptable to Landlord and Tenant, in their reasonable judgment, and includes a competitive process. Within ten days after receipt of the contractor's estimate of the anticipated Work Cost, Tenant shall pay Landlord the difference between the estimated Work Cost and the tenant improvement allowance, or shall modify its Plans to accommodate budgetary constraints subject to Section 9.3.8. Landlord may utilize the Building shell subcontractors for the following trades: mechanical, electrical, plumbing and fire sprinkler, and roofing, and shall require that their fees be reasonable and competitive. If costs of other trades are significant, they shall be competitively sourced.

9.3.5 **Performance of Improvements**. Landlord shall perform the Tenant Improvements in a good and workmanlike manner, using Building standard materials. Other than as set forth in the preceding sentence, Landlord has made no representation or promise as to the condition of the Premises and is in compliance with all applicable laws, including the ADA. Tenant has inspected the Premises and is fully familiar with the physical condition of the Premises, and shall accept the Premises in its then existing "as-is," "where-is" condition. Landlord shall not perform any work other than the Tenant Improvements and shall not perform any work as to any portions of the Premises not specifically addressed in the description of the Tenant Improvements. Notwithstanding the foregoing, Landlord warrants that the Tenant Improvements shall be free from defects in materials and workmanship for a period of one year from the Commencement Date. Landlord shall correct any defects reported to it within the one-year warranty period. Landlord has made no other warranty, express or implied, or representation as to fitness or suitability. Except under the express warranty provided in this paragraph, Landlord shall not be liable for any latent or patent defect in the Premises.

9.3.6 **Changes**. Tenant shall have the right to make changes from time to time in the Plans by submitting to Landlord requests for changes. If the cost of any changes, as estimated by the contractor, will exceed any remaining balance of the tenant improvement allowance (after deducting the most current estimate of the Work Cost before the change in question), Tenant shall pay to Landlord the amount of the excess within ten days of receipt of a notice from Landlord as to the amount. Until Landlord has received full payment of the increases, Tenant shall not be permitted to occupy the Premises notwithstanding that Tenant's obligation to pay rent under this Lease remains in full force and effect.

9.3.7 **Additional Work**. Tenant shall perform all work not shown on the Plans at its sole expense.

9.3.8 **Delays**. If Landlord or the general contractor is delayed in substantially completing the Tenant Improvements as a result of the occurrence of any Delay (as hereafter defined), then, for purposes of determining the Commencement Date, the date of substantial completion shall be deemed to be the day that the Tenant Improvements would have been substantially completed absent any Delay(s). For purposes of this provision each of the following shall constitute a "**Delay**":

(1) Tenant's failure to furnish information or to respond to any request by Landlord or any design consultant for any approval within any time period prescribed, or if no time period is prescribed, within ten business days of a request, including any information required to prepare the Plans; or

(2) Tenant's insistence on materials, finishes, or installations that have long lead times after having first been informed that the materials, finishes, or installations will cause a Delay; or

(3) changes in the Plans including but not limited to Section 9.3.4; or

(4) performance or nonperformance by Tenant or a person or entity employed by Tenant in the completion of any work; or

(5) any delay resulting from Tenant's having taken possession of the Premises for any reason before substantial completion of the Tenant Improvements; or

(6) Tenant's request for additional bidding or rebidding of the cost of all or a portion of the Tenant Improvements; or

(7) any error in the Plans or other documents caused by Tenant, or its employees, agents, independent contractors, or consultants; or

(8) any other material delay chargeable to Tenant, or its employees, agents, independent contractors, or consultants.

9.3.9 **Additional Space Not Covered**. This exhibit shall not apply to any additional space added to the original Premises at any time after the Date of this Lease, whether under any options under this Lease or otherwise, or to any portion of the original Premises or any additions to the original Premises in the event of a renewal or extension of the initial Lease Term, whether under any options under this Lease or otherwise, unless expressly so provided in this Lease or an amendment to this Lease.

10. **LIENS**. The interest of Landlord in the Premises shall not be subject in any way to any liens, including construction liens, for Alterations made by or on behalf of Tenant. This exculpation is made with express reference to Section 713.10, Florida Statutes. Landlord and Tenant acknowledge and agree that there is no requirement under this Lease that Tenant make any alterations or improvements to the Premises and no improvements to be made by Tenant to the Premises constitute "the pith of the lease" as provided in applicable Florida law. If any lien is filed against the Premises for work or materials claimed to have been furnished to Tenant, Tenant shall cause it to be discharged of record or properly transferred to a bond under Section 713.24, Florida Statutes, within ten days after notice to Tenant. Further, Tenant shall indemnify, defend, and save Landlord harmless from and against any damage or loss, including reasonable attorneys' fees, incurred by Landlord as a result of any liens or other claims arising out of or related to work performed in the Premises by or on behalf of Tenant. Tenant shall notify every contractor making improvements to the Premises that the interest of the Landlord in the Premises shall not be subject to liens. Tenant has no responsibility for liens placed in connection with the Tenant Improvements.

11. **ACCESS TO PREMISES**. Landlord and persons authorized by Landlord shall have the right, at all reasonable times, to enter and inspect the Premises and to make repairs and alterations Landlord deems necessary, with reasonable prior notice, except in cases of emergency. Landlord shall make commercially reasonable efforts to minimize interference with Tenant's business operations.

12. **COMMON AREAS**. The "**Common Areas**" of the Building include such areas and facilities as delivery facilities, walkways, landscaped and planted areas, and parking facilities and are those areas designated by Landlord for the general use in common of occupants of the Building, including Tenant. The Common Areas shall at all times be subject to the exclusive control and management of Landlord. Landlord may grant third parties specific rights concerning portions of the Common Areas. Landlord may increase, reduce, improve, or otherwise alter the Common Areas, otherwise make improvements, alterations, or additions to the Building, and change the name or number by which the Building is known. Landlord may also temporarily close the Common Areas to make repairs. In addition, Landlord may temporarily close the Building and preclude access to the Premises in the event of casualty, governmental requirements, the threat of an emergency such as a hurricane or other act of God, or if Landlord otherwise reasonably deems it necessary in order to prevent damage or injury to person or property. This Lease does not create, nor will Tenant have any express or implied easement for, or other rights to, air, light, or view over, from, or about the Building. Except in the case of an emergency, Landlord shall make commercially reasonable efforts to minimize interference with Tenant's parking rights or access to the Premises.

13. **CASUALTY DAMAGE**. If: (a) the Building shall be so damaged that substantial alteration or reconstruction of the Building shall, in Landlord's opinion, be required (whether or not the Premises shall have been damaged by the casualty); or (b) the Premises shall be partially damaged by casualty during the last two

years of the Lease Term, and the estimated cost of repair exceeds $200,000; Landlord may, within 45 days after the casualty, give notice to Tenant of Landlord's election to terminate this Lease, and the balance of the Lease Term shall automatically expire on the fifth day after the notice is delivered, with Rent being payable only through the date of the damage. If Landlord does not elect to terminate this Lease, Landlord shall proceed with reasonable diligence to restore the Building and the Premises to substantially the same condition they were in immediately before the happening of the casualty. However, Landlord shall not be required to restore any unleased premises in the Building or any portion of Tenant's property. Rent shall abate in proportion to the portion of the Premises not useable by Tenant as a result of any casualty covered by insurance carried or required to be carried by Landlord under this Lease, as of the date on which the Premises becomes unusable; provided, however, that if the Premises are partially destroyed, and the remaining portion is not useable for Tenant's business purposes, the rental abatement described herein shall apply to the entire Premises. Landlord shall not otherwise be liable to Tenant for any delay in restoring the Premises or any inconvenience or annoyance to Tenant or injury to Tenant's business resulting in any way from the damage or the repairs, Tenant's sole remedy being the right to an abatement of Rent. Notwithstanding anything to the contrary in the Lease, in the event of damage or destruction to the Premises, or that prevents use of or access to the Premises, Tenant may terminate this Lease, effective as of the date of such damage or destruction, if repairs have not been substantially completed within 235 days of the date of the casualty.

14. **CONDEMNATION**. If the whole or any substantial part of the Premises shall be condemned by eminent domain or acquired by private purchase in lieu of condemnation, this Lease shall terminate on the date on which possession of the Premises is delivered to the condemning authority and Rent shall be apportioned and paid to that date. If no portion of the Premises is taken but a substantial portion of the Building is taken, at Landlord's option, this Lease shall terminate on the date on which possession of such portion of the Building is delivered to the condemning authority and Rent shall be apportioned and paid to that date. Tenant shall have no claim against Landlord for the value of any unexpired portion of the Lease Term, nor shall Tenant be entitled to any part of the condemnation award or private purchase price. If this Lease is not terminated as provided above, Rent shall abate in proportion to the portion of the Premises condemned.

15. **REPAIR AND MAINTENANCE**. Landlord shall repair and maintain in good order and condition, consistent with comparable buildings, ordinary wear and tear excepted, the Common Areas, mechanical and equipment rooms, the foundation and roof of the Building, the exterior and demising walls of the Building, the exterior doors and windows of the Building, the structural portions of the Building, the elevators, and the base building portions of the electrical, plumbing, mechanical, fire protection, life safety, and HVAC systems servicing the Building. The base building portion of: (a) the electrical system, is the portions of it up to and including the base building standard electrical panels in the Building's core; (b) the plumbing system, is the cold water riser in the wall behind the Building bathrooms, and (c) the HVAC system, includes the main HVAC trunk lines in to the VAV boxes to the Premises and all HVAC distribution from the VAV boxes to the Premises. However, Tenant shall pay the cost of any such repairs or maintenance resulting from acts or omissions of Tenant, its employees, agents, or contractors. Additionally, Landlord shall replace the Building standard fluorescent light tubes in the Premises. Except to the extent Landlord is obligated to repair and maintain the Premises as provided above, Tenant shall, at its sole cost, repair, replace, and maintain the non-structural interior portions of the Premises (including the non-structural walls, ceilings, and floors in the Premises, and any specialized electrical, plumbing, mechanical, fire protection, life safety and HVAC systems servicing the Premises requested by Tenant exclusively for their use) in a clean, attractive condition in compliance with all laws; provided, however, that Landlord, at Tenant's cost and expense, shall maintain any supplemental HVAC units required by Tenant for service. Tenant shall pay all such maintenance and repair costs within 10 days after receipt of Landlord's invoice. The provisions of Articles 14 and 15 shall control as to work required as a result of casualty or condemnation. All replacements shall be of equal quality and class to the original items replaced. Tenant shall not commit or allow to be committed any waste on any portion of the Premises.

16. **ESTOPPEL CERTIFICATES**. From time to time, Tenant, on not less than ten business days' prior notice, shall execute and deliver to Landlord an estoppel certificate in a form generally consistent with the requirements of institutional lenders and certified to Landlord and any mortgagee or prospective mortgagee or purchaser of the Building.

17. **SUBORDINATION**. This Lease is and shall be subject and subordinate to all mortgages that may now or hereafter affect the Building, and to all renewals, modifications, consolidations, replacements, and extensions of the mortgages. This article shall be self-operative and no further instrument of subordination shall be necessary. However, in confirmation of this subordination, Tenant shall execute promptly any certificate that Landlord may request that includes a commercially reasonable non-disturbance provision for the benefit of Tenant. If the interest of Landlord under this Lease is transferred by reason of or assigned in lieu of foreclosure or other proceedings for enforcement of any mortgage, or if this Lease is terminated by foreclosure of any mortgage to which this Lease is subordinate, then Tenant will (a) attorn to the purchaser or assignee and will perform for its benefit all the terms of this Lease on Tenant's part to be performed with the same force and effect as if the purchaser or assignee were the Landlord originally named in this Lease, in consideration of the written and commercially reasonable non-disturbance agreement of the purchaser or assignee; or (b) enter into a new lease with the purchaser or assignee for the remainder of the Lease Term and otherwise on the same terms as provided in this Lease. Landlord shall use its commercially reasonable efforts to obtain a Subordination, Non-Disturbance, and Attornment Agreement from any existing and future lender.

18. **LIABILITY**. To the extent permitted by applicable law, and subject to any rights of sovereign immunity, Landlord and Tenant agree that each shall be responsible to reimburse the other for costs resulting from loss (including reasonable attorneys' fees and costs), damage, or injury claimed by third parties, but only to the extent of the responsible party's own acts or omissions and the acts and omissions of its own employees or agents (specifically including negligence and the failure to comply with this Lease).

19. **NO WAIVER**. The failure of a party to insist on the strict performance of any provision of this Lease or to exercise any remedy for any default shall not be construed as a waiver. The waiver of any noncompliance with this Lease shall not prevent subsequent similar noncompliance from being a default. No waiver shall be effective unless expressed in writing and signed by the waiving party. No notice to or demand on a party shall of itself entitle the party to any other or further notice or demand in similar or other circumstances. The receipt by Landlord of any Rent after default on the part of Tenant (whether the Rent is due before or after the default) shall not excuse any delays as to future Rent payments and shall not be deemed to operate as a waiver of any then existing default by Tenant or of the right of Landlord to enforce the payment of any other Rent reserved in this Lease or to pursue eviction or any other remedies available to Landlord. No payment by Tenant, or receipt by Landlord, of a lesser amount than the Rent actually owed under the terms of this Lease shall be deemed to be anything other than a payment on account of the earliest stipulated Rent. No endorsement or statement on any check or any letter accompanying any check or payment of Rent will be deemed an accord and satisfaction. Landlord may accept the check or payment without prejudice to Landlord's right to recover the balance of the Rent or to pursue any other remedy. It is the intention of the parties that this article modify the common law rules of waiver and estoppel and the provisions of any statute which might dictate a contrary result.

20. **SERVICES AND UTILITIES**. Landlord shall furnish the following services: (a) air conditioning and heating for reasonably comfortable occupancy in season Monday through Friday from 7:00 a.m. to 7:00 p.m. and Saturday from 8:00 a.m. to 12:00 p.m., legal holidays excluded; at other times, air conditioning and heating will be furnished at a Building standard charge (which is $35 per hour as of the Date of this Lease and is subject to increase from time to time) and is payable by Tenant to Landlord on written demand by Landlord and on Building standard terms relating to advance notice, minimum hours, minimum zones, and other matters; (b) janitorial and general cleaning service on business days; (c) passenger elevator service to all floors of the Building; (d) rest room facilities and necessary lavatory supplies, including cold running water; and (e) electricity for the purposes of lighting and general office equipment use in amounts consistent with Building standard electrical capacities. Landlord shall have the right to select the Building's electric service provider and to switch providers at any time. Tenant's use of electrical services furnished by Landlord shall not exceed, either in voltage, rated capacity, use, or overall load, that which Landlord deems to be standard for the Building. In no event shall Landlord be liable for damages resulting from the failure to furnish any service, and any interruption or failure shall in no manner entitle Tenant to any remedies including abatement of Rent. Tenant shall be provided with a Building access card for each occupant of the Premises, at no charge, enabling Tenant and its employees to access and use the Premises on a 24 hour per day, 7 day per week basis. Any replacement cards must be purchased from Landlord at a Building standard charge (which is $10 per card as of the Date of this Lease and is subject to increase from time to time). Landlord shall permit Tenant, at Tenant's sole cost and expense, to install any additional electrical requirements above base building standard needed to accommodate electrical requirements of equipment used exclusively by Tenant. This additional electrical capacity shall be metered separately with consumption paid directly by Tenant. All costs associated with the additional usage and the installation and maintenance of supplementary HVAC units required by Tenant shall be paid by Tenant as additional rent, including costs of separate meters.

21. **SECURITY DEPOSIT**. The Security Deposit shall be held by Landlord as security for Tenant's full and faithful performance of this Lease including the payment of Rent. Tenant grants Landlord a security interest in the Security Deposit. The Security Deposit may be commingled with other funds of Landlord and Landlord shall have no liability for payment of any interest on the Security Deposit. Landlord may apply the Security Deposit to the extent required to cure any default by Tenant that is not cured within the cure period permitted under this Lease. If Landlord so applies the Security Deposit, Tenant shall deliver to Landlord the amount necessary to replenish the Security Deposit to its original sum within five business days after notice from Landlord. The Security Deposit shall not be deemed an advance payment of Rent or a measure of damages for any default by Tenant, nor shall it be a defense to any action that Landlord may bring against Tenant.

22. **GOVERNMENTAL REGULATIONS**. Tenant shall promptly comply with all laws, codes, and ordinances of governmental authorities, including the Americans With Disabilities Act of 1990 ("ADA") and all similar present or future laws in regard to Tenant's business operations and to modifications or alterations required within the Premises as a result of Tenant's specific and unique business operations. Landlord shall comply with all laws, codes, and ordinances, including the ADA, that require modifications or alterations that apply to buildings or projects in general, without reference to specific usage, with the cost of such compliance being allocated in accordance with the terms of Section 5.

23. **SIGNS**. No signage shall be placed by Tenant on any portion of the Building. However, Tenant shall be permitted to place a sign bearing its name at the entrance door to the Premises. Landlord will provide Building standard signage outside the Premises and outside the Building at Landlord's cost). Tenant will be furnished a single listing of its name in the Building's directory (at Landlord's cost), all in accordance with the criteria adopted from time to time by Landlord for the Building. Any changes or additional listings in the directory shall be furnished (subject to availability of space) for a Building standard charge.

24. **BROKER**. Landlord and Tenant represent and warrant that they neither consulted nor negotiated with any broker or finder regarding the Premises. Each Landlord and Tenant shall be responsible for all damages and losses resulting from a party's breach of the foregoing representation.

25. **END OF TERM**. Tenant shall surrender the Premises to Landlord at the expiration or sooner termination of this Lease in good order and condition, broom clean, except for reasonable wear and tear. Tenant shall be liable to Landlord for all damages, including any consequential damages that Landlord may suffer by reason of any holding over by Tenant, provided that, for the first 30 days of holdover, as long as Tenant is not in default beyond any applicable notice and cure period, tenancy shall be per diem and month-to- month thereafter. Tenant's liability for damages for holdover shall be to pay 150% of Rent in effect at the end of the Term per month. All Alterations, including HVAC equipment, wall coverings, carpeting and other floor coverings, ceiling tiles, blinds and other window treatments, lighting fixtures and bulbs, built in or attached shelving, built in furniture, millwork, counter tops, cabinetry, all doors (both exterior and interior), bathroom fixtures, sinks, kitchen area improvements, and wall mirrors, made by Landlord or Tenant to the Premises shall become Landlord's property on the expiration or sooner termination of the Lease Term. On the expiration or sooner termination of the Lease Term, Tenant, at its expense, shall remove from the Premises all moveable furniture, furnishings, equipment, and other articles of moveable personal property owned by Tenant and located in the Premises that can be removed without damage to the Premises. Any items of Tenant's property that shall remain in the Premises after the expiration or sooner termination of the Lease Term, may, at the option of Landlord, be deemed to have been abandoned, and in that case, those items may be retained by Landlord as its property to be disposed of by Landlord, without accountability to Tenant or any other party, in the manner Landlord shall determine, at Tenant's expense.

26. **ATTORNEYS' FEES**. The prevailing party in any litigation arising out of or in any manner relating to this Lease shall be entitled to recover from the losing party reasonable attorneys' fees and costs.

27. **NOTICES**. Any notice to be given under this Lease may be given either by a party itself or by its attorney or agent and shall be in writing and delivered by hand, by nationally recognized overnight air courier service (such as Federal Express), or by the United States Postal Service, registered or certified mail, return receipt requested, in each case addressed to the respective party at the party's notice address. A notice shall be deemed effective upon receipt or the date sent if it is returned to the addressor because it is refused, unclaimed, or the addressee has moved.

28. **IMPOSSIBILITY OF PERFORMANCE**. For purposes of this Lease, the term "**Unavoidable Delay**" shall mean any delays due to strikes, lockouts, civil commotion, war or warlike operations, terrorism, bioterrorism, invasion, rebellion, hostilities, military or usurped power, sabotage, government regulations or controls, inability to obtain any material, utility, or service because of governmental restrictions, hurricanes, floods, or other natural disasters, acts of God, or any other cause beyond the direct control of the party delayed. Notwithstanding anything in this Lease to the contrary, if Landlord or Tenant shall be delayed in the performance of any act required under this Lease by reason of any Unavoidable Delay, then provided notice of the Unavoidable Delay is given to the other party within ten business days after its occurrence, performance of the act shall be excused for the period of the delay and the period for the performance of the act shall be extended for a reasonable period, in no event to exceed a period equivalent to the period of the delay. The provisions of this article shall not operate to excuse Tenant from the payment of Rent or from surrendering the Premises at the end of the Lease Term, and shall not operate to extend the Lease Term. Delays or failures to perform resulting from lack of funds or the increased cost of obtaining labor and materials shall not be deemed delays beyond the direct control of a party.

29. **PARKING**. Tenant shall be entitled to use the number of parking spaces in the Parking Areas that corresponds to the Parking Ratio applied to the Rentable Area of the Premises, rounded down to the nearest whole number. "**Parking Areas**" shall mean the areas available for automobile parking in connection with the Building as those areas may be designated by Landlord from time to time; provided, however, that Landlord shall not make changes to the parking lots available as of the Commencement Date that decrease the number of parking spaces in the Parking Areas or that adversely affect access. "**Parking Ratio**" shall mean the number of parking spaces for each 1,000 rentable square feet of space in the Premises from time to time as specified by applicable DRI and land use regulations applicable to the Building; provided, however, that no change in the Parking Ratio shall decrease the number of parking spaces available to Tenant as described in this Lease. As of the Date of this Lease, the Parking Ratio is 3.5 parking spaces per 1,000 rentable square feet. Except for particular spaces and areas designated from time to time by Landlord for reserved parking, if any, all parking in the Parking Areas shall be on an unreserved, first come, first served basis. Landlord reserves the right to (a) reduce the number of spaces in the Parking Areas, as long as the number of parking spaces remaining is in compliance with all applicable governmental requirements and so long as there is no decrease in the number of parking spaces granted to Tenant hereunder; (b) to reserve spaces for the exclusive use of specific parties so long as the reservation of such spaces does not decrease the number of spaces granted to Tenant hereunder; and
(c) change the access to the Parking Areas, provided that some manner of reasonable access to the Parking Areas remains after the change; and none of the foregoing shall entitle Tenant to any claim against Landlord or to any abatement of Rent. During the Term (including the Renewal Term) there is no separate charge for Tenant for any of the non-reserved spaces granted to Tenant hereunder or for visitor parking, except that the visitor spaces may be metered. Landlord will provide Tenant with a parking permit according to the Parking Ratio. These permits must be displayed in accordance with the directions provided. Parking permits or stickers, key cards, or any other devices or forms of identification or entry supplied by Landlord (collectively "**Cards**") shall remain the property of Landlord. Cards are not transferable and any Card in the possession of an unauthorized holder will be void. Loss or theft of Cards and lost or stolen cards later found by Tenant must be reported to Landlord immediately. Any Cards lost or stolen and later found on any unauthorized car will be confiscated and the illegal holder will be subject to prosecution.

30. **RELOCATION.** INTENTIONALLY DELETED

31. **OPTION TO EXTEND**.

31.1 Tenant shall have the option to extend the Lease Term for an additional period of sixty months (the "**Renewal Term**"), on the same terms and conditions as provided in the Lease, except that the Base Rent for the Renewal Term shall be increased in accordance with the CPI, as defined below. The Base Rent for the Renewal Term will be the Base Rent for the month immediately preceding the commencement of the Renewal Term multiplied by a fraction, the numerator of which is the June 2019 CPI and the denominator of which is the June 2018 CPI.

31.1.1 For purposes of this Lease, "**CPI**" means the Consumer Price Index (All Urban Consumers, Tampa-St. Petersburg-Clearwater, Florida, 1982-84=100) issued by the Bureau of Labor Statistics of the United States Department of Labor. If the Bureau of Labor Statistics ceases publication of this Consumer Price Index, the Landlord, using reasonable judgment, will select another index similar to the one previously published by the Bureau of Labor Statistics.

31.1.2 Landlord shall have no obligation to perform any alterations or tenant improvements or other work in the Premises and Tenant shall continue possession of the Premises in its “as-is,” “where is” condition.

31.2 The exercise of the option set forth in this article shall only be effective on, and in strict compliance with, the following terms and conditions:

31.2.1 Notice of Tenant's exercise of the option (the "Extension Notice") shall be given by Tenant to Landlord no later than eight (8) months prior to the expiration date of the initial Lease Term. Time shall be of the essence as to the exercise of any election by Tenant under this article.

31.2.2 At the time of Tenant giving Landlord notice of its election to extend the Lease Term and on the expiration of the Lease Term, the Lease shall be in full force and effect and Tenant shall not be in default under any of the terms, covenants, and conditions of the Lease beyond any applicable grace period.

31.2.3 No portion of the Premises is sublet to anyone in violation of this Lease at the expiration date of the Lease Term.

31.2.4 Within 45 days after receipt of the Extension Notice, Landlord and Tenant shall enter into an amendment to the Lease extending the Lease Term on the terms and conditions of this subsection.

31.2.5 If Landlord and Tenant enter into any agreement extending the Term on terms different than those set forth in this article, then such mutually agreed to terms shall supersede and replace the terms set forth in this article.

32. **GENERAL PROVISIONS**.

32.1 **Construction Principles**. The words "including" and "include" and similar words will not be construed restrictively to limit or exclude other items not listed. This Lease has been negotiated "at arm's-length" by Landlord and Tenant, each having the opportunity to be represented by legal counsel of its choice and to negotiate the form and substance of this Lease. Therefore, this Lease shall not be more strictly construed against either party by reason of the fact that one party may have drafted this Lease. If any provision of this Lease is determined to be invalid, illegal, or unenforceable, the remaining provisions of this Lease shall remain in full force, if the essential provisions of this Lease for each party remain valid, binding, and enforceable. The parties may amend this Lease only by a written agreement of the parties. This Lease shall constitute the entire agreement of the parties concerning the matters covered by this Lease. All prior understandings and agreements had between the parties concerning those matters, including all preliminary negotiations, lease proposals, letters of intent, and similar documents, are merged into this Lease, which alone fully and completely expresses the understanding of the parties. Landlord and Tenant intend that faxed signatures constitute original signatures binding on the parties. This Lease shall bind and inure to the benefit of the heirs, personal representatives, and, except as otherwise provided, the successors and assigns of the parties to this Lease. Any liability or obligation of Landlord or Tenant arising during the Lease Term shall survive the expiration or earlier termination of this Lease.

32.2 **Radon Gas**. The following notification is provided under Section 404.056(6), Florida Statutes: "Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department."

32. 4 **Exhibits**. All exhibits, riders, and addenda attached to this Lease shall, by this reference, be incorporated into this Lease. The following exhibits are attached to this Lease:

EXHIBIT "A" – Legal Description of the Building EXHIBIT "B" – Sketch of Premises
EXHIBIT "C" – Intentionally Omitted EXHIBIT "D" – Rules and Regulations EXHIBIT "E" – Commencement Date Letter

33. **JURY WAIVER; COUNTERCLAIMS. LANDLORD AND TENANT KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERC TO OBTAIN POSSESSION OF THE PREMISES**.

IN WITNESS WHEREOF, this Lease has been executed on behalf of Landlord and Tenant as of the Date of this Lease.

LANDLORD:

Signature of Witness 1 Print name of Witness 1

Signature of Witness 2

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INCORPORATED, a corporation not for profit under Chapter 617, Florida Statutes, and a direct support organization of the University of South Florida pursuant to Section 1004.28, Florida Statutes

By:

Name: Paul R. Sanberg, Ph.D., D.Sc.

Print name of Witness 2

Title: President
Date:

Signature of Witness 1 Print name of Witness 1

Signature of Witness 2

TENANT:

LION BIOTECHNOLOGIES, INC., a Nevada corporation

By: Name:
Title:

Signature of Witness 1
Print name of Witness 1

Signature of Witness 2

Date:

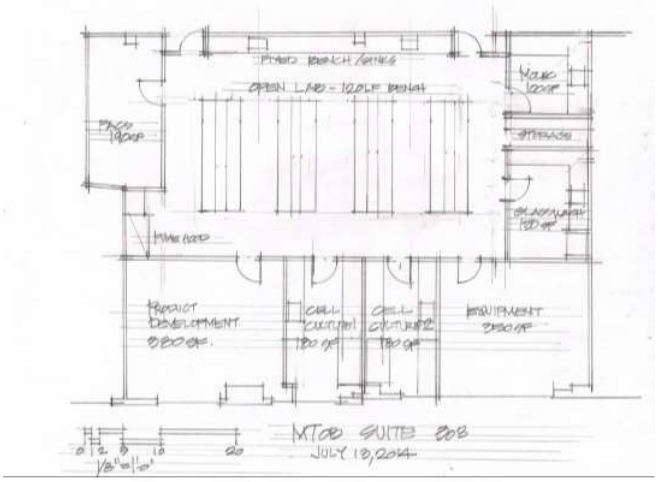
EXHIBIT "A"

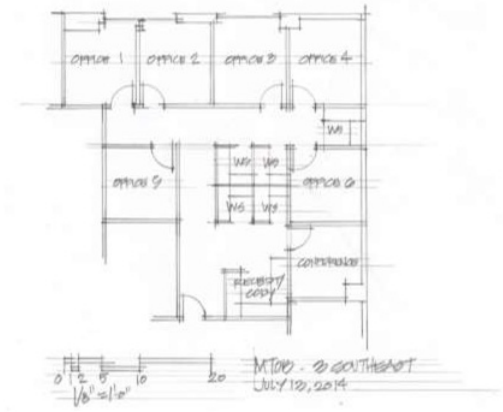
LEGAL DESCRIPTION OF THE BUILDING

A PARCEL OF LAND LYING IN SECTION 9, TOWNSHIP 28 SOUTH, RANGE 19 EAST, HILLSBOROUGH COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF SAID SECTION 9, THENCE SOUTH 89°51'00" EAST, ALONG THE SOUTH BOUNDARY OF THE SOUTHWEST 1/4 OF SAID SECTION 9, FOR 203.45 FEET; THENCE NORTH 00°09'00" EAST, 629.73 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 52.00 FEET, A CENTRAL ANGLE OF 120°00'00", AND ARC LENGTH OF 108.91 FEET, AND A CHORD BEARING AND DISTANCE OF NORTH 26°46'44" WEST, 90.07 FEET TO A POINT OF CUSP AND THE NORTHERLY RIGHT-OF-WAY LINE OF SPECTRUM BOULEVARD; THENCE SOUTH 86°46'44" EAST, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, FOR 131.83 FEET TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY ALONG THE ARC OF A CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 359.00 FEET; A CENTRAL ANGLE OF 23°55'15", AN ARC LENGTH OF 149.88 FEET, AND A CHORD BEARING AND DISTANCE OF SOUTH 74°49'06" EAST, 148.80 FEET TO A POINT OF COMPOUND CURVATURE; THENCE CONTINUE ALONG SAID NORTHERLY AND EASTERLY RIGHT-OF-WAY LINE OF SPECTRUM BOULEVARD SOUTHEASTERLY ALONG THE ARC OF A CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 346.19 FEET, A CENTRAL ANGLE OF 63°00'35", AN ARC LENGTH OF 380.71 FEET, AND A CHORD BEARING AND DISTANCE OF SOUTH 31°21'11" EAST, 361.82 FEET; THENCE EAST, 338.18 FEET; THENCE NORTH, 7.33 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE ALONG SAID LINE, NORTH, 51.95 FEET; THENCE WEST, 61.76 FEET; THENCE NORTH, 227.00 FEET TO A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 53.06 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE 9.22 FEET THROUGH A CENTRAL ANGLE OF 09°57'30" (CHORD BEARING N.55°05'22"W. 9.21 FEET) TO A POINT OF COMPOUND CURVE CONCAVE EASTERLY HAVING A RADIUS OF 21.58 FEET; THENCE NORTHERLY ALONG SAID CURVE 30.87 FEET THROUGH A CENTRAL ANGLE OF 81°57'11" (CHORD BEARING N.08°08'02"W., 28.30 FEET) TO A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 50.50 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE 26.36 FEET THROUGH A CENTRAL ANGLE OF 29°54'14" (CHORD BEARING N.47°30'10"E. 26.06 FEET); THENCE N.65°45'05"E., 8.35 FEET TO A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 205.97 FEET; THENCE EASTERLY ALONG SAID CURVE 14.93 FEET THROUGH A CENTRAL ANGLE OF 04°09'14" (CHORD BEARING N.75°10'18"E. 14.93 FEET) TO A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 74.98 FEET; THENCE EASTERLY ALONG SAID CURVE 15.96 FEET THROUGH A CENTRAL ANGLE OF 12°11'37" (CHORD BEARING N.83°26'25"E. 15.93 FEET) TO A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 50.74 FEET; THENCE EASTERLY ALONG SAID CURVE 14.76 FEET THROUGH A CENTRAL ANGLE OF 16°39'47" (CHORD BEARING S.84°15'54"E. 14.70 FEET) TO A NON-TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 108.10 FEET; THENCE EASTERLY ALONG SAID CURVE 5.15 FEET THROUGH A CENTRAL ANGLE OF 02°43'36" (CHORD BEARING S.75°01'29"E. 5.14 FEET) TO A POINT OF REVERSE CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 31.92 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE 24.68 FEET THROUGH A CENTRAL ANGLE OF 44°17'34" (CHORD BEARING S.54°14'31"E..24.07 FEET);; THENCE S.26°34'58"E., 2.26 FEET; THENCE EAST, 49.81 FEET; THENCE SOUTH, 28.16 FEET; THENCE S.13°41'35"E., 41.39 FEET; THENCE S.26°08'50"W., 22.23 FEET; THENCE SOUTH, 230.62 FEET; THENCE WEST, 73.24 FEET TO THE POINT OF BEGINNING.

EXHIBIT “B” SKETCH OF PREMISES





The above plan is for location of Premises only and is not a representation by Landlord as to any other improvements shown.

EXHIBIT “C” INTENTIONALLY OMITTED

EXHIBIT "D"

RULES AND REGULATIONS

1. The sidewalks and public portions of the Building, such as entrances, passages, courts, parking areas, elevators, vestibules, stairways, corridors, or halls shall not be obstructed or encumbered by Tenant or its employees, agents, invitees, or guests nor shall they be used for any purpose other than ingress and egress to and from the Premises.

2. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades, louvered openings, or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord, unless installed by Landlord. No aerial or antenna shall be erected on the roof or exterior walls of the Premises or on the Building without the prior written consent of Landlord in each instance.

3. No sign, advertisement, notice, or other lettering shall be exhibited, inscribed, painted, or affixed by Tenant on any part of the outside of the Premises or Building or on corridor walls or doors or mounted on the inside of any windows or within the interior of the Premises, if visible from the exterior of the Premises, without the prior written consent of Landlord. Signs on any entrance door or doors shall conform to Building standards and shall, at Landlord's expense, be inscribed, painted, or affixed for Tenant by sign makers approved by Landlord.

4. The sashes, sash doors, skylights, windows, heating, ventilating, and air conditioning vents and doors that reflect or admit light and air into the halls, passageways, or other public places in the Building shall not be covered or obstructed by Tenant, or its employees, agents, invitees, or guests, nor shall any bottles, parcels, or other articles be placed outside of the Premises.

5. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the public halls, corridors, or vestibules without the prior written consent of Landlord.

6. Except for the initial Tenant Improvements, whenever Tenant shall submit to Landlord any plan, agreement, assignment, sublease, or other document for Landlord's consent or approval, Tenant shall reimburse Landlord, on demand, for the true actual out-of-pocket costs for the services of any architect, engineer, or attorney employed by Landlord to review or prepare the plan, agreement, assignment, sublease, consent, or other document, and pay Landlord a reasonable and prior agreed to Building standard administrative fee for its services relating to the consent or approval.

7. The water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown in them. All damages resulting from any misuse of fixtures shall be borne by the Tenant who, or whose employees, agents, invitees, or guests, shall have caused the damages.

8. Tenant shall not in any way deface any part of the Premises or the Building. Tenant shall not lay linoleum, or other similar floor covering, so that the same shall come in direct contact with the floor of the Building, and, if linoleum or other similar floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor, by a paste or other material, soluble in water, the use of cement or other similar adhesive material being expressly prohibited.

9. No animals of any kind (except dogs assisting disabled persons) shall be brought on the Premises or Building.

10. The Premises shall not be used for lodging or cooking, except that use by Tenant of Underwriters' Laboratory-approved equipment for brewing coffee, tea, hot chocolate, and similar beverages and a microwave oven for food warming and a toaster or toaster oven, a refrigerator, and a dishwasher shall be permitted, provided that such equipment and use is in accordance with all applicable governmental requirements.

11. No office space in the Building shall be used for the distribution or for the storage of merchandise or for the sale at auction or otherwise of merchandise, goods, or property of any kind.

12. Tenant shall not make or permit to be made any unseemly or disturbing noises, or electromagnetic or radio interference, or vibrations, or disturb or interfere with occupants of the Building Project or neighboring premises or those having business with them, or interfere with equipment of Landlord or occupants of the Building Project, whether by the use of any musical instrument, radio, television, machines or equipment, unmusical noise, whistling, singing, or in any other way, including use of any wireless device or equipment. Tenant shall not throw anything out of the doors or windows or down the corridors, stairwells, or elevator shafts of the Building.

13. Neither Tenant nor any of Tenant's employees, agents, invitees, or guests shall at any time bring or keep on the Premises any firearms, inflammable, combustible, or explosive substance or any chemical substance, other than reasonable amounts of cleaning fluids and solvents and laboratory chemicals, biological and biomedical materials required in the normal operation of Tenant's business, all of which shall only be used and stored in strict compliance with all applicable environmental laws and governmental requirements.

14. Landlord shall have a valid pass key to all spaces within the Premises at all times during the Lease Term. No additional locks or bolts of any kind shall be placed on any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism of the locks, without the prior written consent of the Landlord and unless and until a duplicate key is delivered to Landlord. Tenant must, on the termination of its tenancy, restore to the Landlord all keys to stores, offices, and toilet rooms, either furnished to or otherwise procured by Tenant, and in the event of the loss of any keys so furnished, Tenant shall pay Landlord for the replacement cost of them.

15. All deliveries and removals shall be accomplished only through the approved loading/service area doors, using the freight elevator only, and during normal business hours unless otherwise agreed by Landlord. Tenant shall assume all liability and risk concerning these movements. Landlord may restrict the location where heavy or bulky matters may be placed inside the Premises.

16. Tenant shall not, unless otherwise approved by Landlord, occupy or permit any portion of the Premises demised to it to be occupied as, by, or for a public stenographer or typist, barber shop, bootblacking, beauty shop or manicuring, beauty parlor, telephone or telegraph agency, telephone or secretarial service, messenger service, travel or tourist agency, a personnel or employment agency, public restaurant or bar, commercial document reproduction or offset printing service, ATM or similar machines, retail, wholesale, or discount shop for sale of merchandise, retail service shop, labor union, school, classroom, or training facility, an entertainment, sports, or recreation facility, an office or facility of a foreign consulate or any other form of governmental or quasi-governmental bureau, department, or agency, including an autonomous governmental corporation, a place of public assembly (including a meeting center, theater, or public forum), a facility for the provision of social welfare or clinical health services, a medical or health care office of any kind, a telemarketing facility, a customer service call center, a firm the principal business of which is real estate brokerage, a company engaged in the business of renting office or desk space, a public finance (personal loan) business, or manufacturing, or any other use that would, in Landlord's reasonable opinion, impair the reputation or quality of the Building, overburden any of the Building systems, Common Areas, or Parking Areas (including any use that would create a population density in the Premises which is in excess of the density which is standard for the Building), impair Landlord's efforts to lease space or otherwise interfere with the operation of the Building, unless Tenant's Lease expressly grants permission to do so. Tenant shall not operate or permit to be operated on the Premises any coin or token operated vending machine or similar device (including telephones, lockers, toilets, scales, amusement devices, and machines for sale of beverages, foods, candy, cigarettes, or other goods), except for those vending machines or similar devices that are for the sole and exclusive use of Tenant's employees, and then only if operation of the machines or devices does not violate the lease of any other tenant of the Building Project. Tenant shall not engage or pay any employees on the Premises, except those actually working for Tenant on the Premises, nor advertise for labor giving an address at the Premises.

17. Tenant shall not create or use any advertising mentioning or exhibiting any likeness of the Building without the prior written consent of Landlord. Landlord shall have the right to prohibit any advertising that, in Landlord's reasonable opinion, tends to impair the reputation of the Building or its desirability as a building for offices, and on notice from Landlord, Tenant shall discontinue the advertising.

18. Landlord reserves the right to exclude from the Building all persons who do not present a pass to the Building on a form or card approved by Landlord or other identification documentation required by Landlord. Tenant shall be responsible for all its employees, agents, invitees, or guests who have been issued a pass at the request of Tenant and shall be liable to Landlord for all acts of those persons.

19. The Premises shall not be used for lodging or sleeping, or for any immoral, disreputable, or illegal purposes, or for any purpose that may be dangerous to life, limb, or property.

20. Any maintenance requirements of Tenant will be attended to by Landlord only on application at the Landlord's office at the Building Project. Landlord's employees shall not perform any work or do anything outside of their regular duties, unless under specific instructions from the office of Landlord.

21. Canvassing, soliciting, and peddling within the Building is prohibited and Tenant shall cooperate to prevent such activities.

22. There shall not be used in any space, or in the public halls of the Building, either by Tenant or by jobbers or others, in the delivery or receipt of merchandise to Tenant, any hand trucks, except those equipped with rubber tires and side guards. No hand trucks shall be used in elevators other than those designated by Landlord as service elevators. All deliveries shall be confined to the service areas and through the approved service entries.

23. In order to obtain maximum effectiveness of the cooling system, Tenant shall use reasonable efforts to lower and/or close venetian or vertical blinds or drapes when the sun's rays fall directly on the exterior windows of the Premises.

24. If, in Landlord's reasonable opinion, the replacement of ceiling tiles becomes necessary after they have been removed on behalf of Tenant by telephone company installers or others (in both the Premises and the public corridors), the cost of replacements shall be charged to Tenant on a per tile basis.

25. All paneling or other wood products not considered furniture that Tenant shall install in the Premises shall be of fire retardant materials. Before the installation of these materials, Tenant shall submit to Landlord a satisfactory (in the reasonable opinion of Landlord) certification of the materials' fire retardant characteristics.

26. Tenant, its employees, agents, contractors, and invitees shall not be permitted to occupy at any one time more than the number of parking spaces in the Parking Areas permitted in the Lease (including any parking spaces reserved exclusively for Tenant). Usage of parking spaces shall be in common with all other tenants of the Building and their employees, agents, contractors, and invitees. All parking space usage shall be subject to any reasonable rules and regulations for the sale and proper use of parking spaces that Landlord may prescribe. Tenant's employees, agents, contractors, and invitees shall abide by all posted roadway signs in and about the parking facilities. Landlord shall have the right to tow or otherwise remove vehicles of Tenant and its employees, agents, contractors, or invitees that are improperly parked, blocking ingress or egress lanes, or violating parking rules, at the expense of Tenant or the owner of the vehicle, or both, and without liability to Landlord. On request by Landlord, Tenant shall furnish Landlord with the license numbers and descriptions of any vehicles of Tenant, its principals, employees, agents, and contractors. Tenant acknowledges that reserved parking spaces, if any, shall only be reserved during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, legal holidays excluded. Parking spaces may be used for the parking of passenger vehicles only and shall not be used for parking commercial vehicles or trucks (except sports utility vehicles, mini-vans, and pick- up trucks utilized as personal transportation), boats, personal watercraft, or trailers. No parking space may be used for the storage of equipment or other personal property. Overnight parking in the Parking Areas for two or more consecutive nights is prohibited. Landlord, in Landlord's sole and absolute discretion, may establish from time to time a parking decal or pass card system, security check-in, or other reasonable mechanism to restrict parking in the Parking Areas.

27. All trucks and delivery vans shall be parked in designated areas only and not parked in spaces reserved for cars. All delivery service doors are to remain closed except during the time that deliveries, garbage removal, or other approved uses are taking place. All loading and unloading of goods shall be done only at the times, in the areas, and through the entrances designated for loading purposes by Landlord.

28. Tenant shall be responsible for the removal and proper disposition of all crates, oversized trash, boxes, and items termed garbage from the Premises. The corridors and parking and delivery areas are to be kept clear of these items. Tenant shall provide convenient and adequate receptacles for the collection of standard items of trash and shall facilitate the removal of trash by Landlord. Tenant shall ensure that liquids are not disposed of in the receptacles.

29. Tenant shall not conduct any business, loading or unloading, assembling, or any other work connected with Tenant's business in any public areas.

30. Landlord shall not be responsible for lost or stolen personal property, equipment, or money occurring anywhere on the Building Project, regardless of how or when the loss occurs.

31. Neither Tenant, nor its employees, agents, invitees, or guests, shall paint or decorate the Premises, or mark, paint, or cut into, drive nails or screw into nor in any way deface any part of the Premises or Building without the prior written consent of Landlord. Notwithstanding the foregoing, standard picture hanging shall be permitted without Landlord's prior consent. If Tenant desires a signal, communications, alarm, or other utility or service connection installed or changed, the work shall be done at the expense of Tenant, with the approval and under the direction of Landlord. If Landlord consents, Tenant shall promptly repair any damage to the Building resulting from Tenant's activities, including any damage due to preparations for storms.

32. Tenant shall give Landlord prompt notice of all accidents to or defects in air conditioning equipment, plumbing, electric facilities, or any part or appurtenance of the Premises.

33. Tenant agrees and fully understands that the overall aesthetic appearance of the Building is of paramount importance; thus Landlord shall maintain complete aesthetic control over any and every portion of the Premises visible from outside the Premises including all fixtures, equipment, signs, exterior lighting, plumbing fixtures, shades, awnings, merchandise, displays, art work, wall coverings, or any other object used in Tenant's business. Landlord's control over the visual aesthetics shall be complete and arbitrary. Landlord will notify Tenant in writing of any aesthetic deficiencies and Tenant will have seven days to correct the deficiencies to Landlord's satisfaction or Tenant shall be in default of this Lease and the Default article shall apply.

34. Tenant shall not install, operate, or maintain in the Premises or in any other area of the Building, any electrical equipment that does not bear the U/L (Underwriters Laboratories) seal of approval, or that would overload the electrical system or any part of the system beyond its capacity for proper, efficient, and safe operation as determined by Landlord, taking into consideration the overall electrical system and the present and future requirements therefor in the Building. Tenant shall not furnish any cooling or heating to the Premises, including the use of any electronic or gas heating devices, without Landlord's prior written consent.

35. Under applicable law, the entire Building, including the Premises, is deemed to be a "no smoking" building and smoking is prohibited on the property.

36. Tenant shall not allow the Premises to be occupied by more than five persons per 1,000 square feet of rentable area.

37. Tenant will take all steps necessary to prevent: inadequate ventilation, emission of chemical contaminants from indoor or outdoor sources, or both, or emission of biological contaminants. Tenant will not allow any unsafe levels of chemical or biological contaminants (including volatile organic compounds) in the Premises, and will take all steps necessary to prevent the release of contaminants from adhesives (for example, upholstery, wallpaper, carpet, machinery, supplies, and cleaning agents).

38. Tenant shall comply with any recycling programs for the Building implemented by Landlord from time to time.

39. Tenant shall not obtain for use in the Premises ice, drinking water, towel, barbering, bootblacking, floor polishing, lighting maintenance, cleaning, or other similar services from any persons not authorized by Landlord in writing to furnish the services.

40. Tenant shall not place a load on any floor of the Premises exceeding the floor load per square foot area that such floor was designed to carry. Landlord reserves the right to prescribe the weight limitations and position of all heavy equipment and similar items, and to prescribe the reinforcing necessary, if any, that in the opinion of Landlord may be required under the circumstances, such reinforcing to be at Tenant's expense.

41. All contractors performing work to the structure or systems of the Building must be approved by Landlord.

42. Tenant shall comply with all rules and regulations imposed by Landlord as to any messenger center Landlord may establish for the Building and as to the delivery of letters, packages, and other items to the Premises by messengers.

43. Landlord reserves the right to grant or deny access to the Building to any telecommunications service provider. Access to the Building by any telecommunications service provider shall be governed by the terms of Landlord's standard telecommunications license agreement, which must be executed and delivered to Landlord by such provider before it is allowed any access whatsoever to the Building.

44. Landlord may, on request by any tenant, waive compliance by the tenant with any of the Rules and Regulations provided that (a) no waiver shall be effective unless in writing and signed by Landlord or Landlord's authorized agent, (b) a waiver shall not relieve the tenant from the obligation to comply with the rule or regulation in the future unless expressly consented to by Landlord, and (c) no waiver granted to any tenant shall relieve any other tenant from the obligation of complying with the Rules and Regulations unless the other tenant has received a similar waiver in writing from Landlord.

45. Whenever these Rules and Regulations directly conflict with any of the rights or obligations of Tenant under this Lease, this Lease shall govern.

EXHIBIT "E" COMMENCEMENT DATE LETTER
UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INCORPORATED
3802 Spectrum Boulevard, Suite 100
Tampa, FL 33612

, 2014

LION BIOTECHNOLOGIES, INC.
21900 Burbank Blvd, 3rd Floor Woodland Hills, CA 91367

Re: Lease dated , 2014 by and between University of South Florida Research Foundation, Incorporated, as Landlord, and LION BIOTECHNOLOGIES, INC., as Tenant (the "**Lease**")

Dear :

This will confirm that:

1. All Tenant Improvements required under the terms of this Lease have been satisfactorily performed in accordance with the Lease, and as of the date of this notice Tenant has inspected the Premises and accepted the Premises subject to the Terms of the Lease "as-is", "where-is"; and

2. The Commencement Date of the Lease Term is , and the expiration date of the Lease Term is .

Sincerely,

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INCORPORATED,
a Florida corporation not-for-profit under Chapter 617, Florida Statutes, and a Direct Support Organization of the University of South Florida pursuant to Section 1004.28, Florida Statutes

By:
Name:
Title:
Date:

ACCEPTED AND AGREED:

TENANT:
LION BIOTECHNOLOGIES, INC.

By:
Name:
Title:
Date:

Exhibit 10.2

Text Marked By [* * *] Has Been Omitted Pursuant To A Request For Confidential Treatment And Was Filed Separately With The Securities And Exchange Commission.

EXCLUSIVE LICENSE AGREEMENT

THIS AGREEMENT is made and entered into on June 28, 2014 (hereinafter "EFFECTIVE DATE") by and between H. Lee Moffitt Cancer Center and Research Institute, Inc. a non-profit Florida corporation organized pursuant to Section 1004.43, Florida Statutes, whose address is 12902 Magnolia Drive Tampa, Florida 33612 (hereinafter "MOFFITT") and Lion Biotechnologies, Inc., whose address is 21900 Burbank Blvd, Third Floor, Woodland Hills, California 91367 (hereinafter "LICENSEE").

WHEREAS, The Internal Revenue Service has determined that MOFFITT is exempt from Federal income tax under Internal Revenue Code Section 501(a) as an organization described in Code Section 501(c)(3) and classified it as a public charity under Code Section 509(a)(1) as a publicly supported organization described in Code Section 170(b)(1)(A)(vi);

WHEREAS, in the course of research conducted at MOFFITT and the University of South Florida ("USF"), Dr. Amod Sarnaik, Dr. Shari Pilon-Thomas, Dr. Hao Liu, (MOFFITT) and Dr. Mark McLaughlin (USF), have produced an invention entitled "Compositions and Methods for Improving Tumor-Infiltrating Lymphocytes for Adoptive Cell Therapy" (MOFFITT OTMC docket number: 14MA011PR and 14MA011PR2);

WHEREAS, MOFFITT wishes to have the invention claimed in the LICENSED PATENT RIGHTS and any resulting patents commercialized to benefit the public good;

WHEREAS, LICENSEE is experienced in developing and commercializing products similar to the LICENSED TECHNOLOGY and shall act diligently to develop and commercialize the LICENSED TECHNOLOGY for public use throughout the LICENSED TERRITORY (as defined below); and

WHEREAS, MOFFITT is willing to grant a license to the LICENSED PATENT RIGHTS to LICENSEE and LICENSEE desires to receive a license to the LICENSED PATENT RIGHTS, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises herein made and exchanged, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MOFFITT and LICENSEE agree as follows:

ARTICLE 1 INCORPORATION OF RECITALS AND DEFINITIONS

1.1. The foregoing recitals are hereby incorporated herein by reference and acknowledged as true and correct. Unless specifically set forth to the contrary in this Agreement, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below.

1.2. "AFFILIATE" shall mean any entity or person that directly or indirectly controls, is controlled by or is under common control with LICENSEE. For purposes of this definition, "control" means possession of the power to direct the management of such entity or person, whether through ownership of more than fifty percent (50%) of voting securities, by contract or otherwise.

1.3. "CONFIDENTIAL INFORMATION" shall mean all information disclosed by one party to the other during the negotiation of or under this Agreement in any manner, whether orally, visually or in tangible form, that relates to LICENSED PATENT RIGHTS, LICENSED TECHNOLOGIES or the Agreement itself, unless such information is subject to an exception described in Article 7.2. CONFIDENTIAL INFORMATION shall include, without limitation, the following, whether or not patentable: materials, know-how and data (whether technical or non-technical), trade secrets, inventions, methods and processes. Notwithstanding any other provisions of this Article 1.4, CONFIDENTIAL INFORMATION of LICENSEE that is subject to Article 7 of this Agreement is limited to information that LICENSEE supplies pursuant to LICENSEE's obligations under this Agreement, unless otherwise mutually agreed to in writing by the parties. MOFFITT Confidential Information may include certain Confidential Information of the University of South Florida ("USF") or other third-parties that is obtained by Moffitt in accordance with one or more agreements between MOFFITT and USF or the applicable third party.

1.4. "EARNED ROYALTY" is defined in Article 5.1.

1.5. "EFFECTIVE DATE" is defined in the introductory paragraph of this Agreement.

1.6. "FIELD" shall mean treatment of cancer.

1.7. "FIRST SALE" shall mean the first sale, lease, transfer, practice, or disposition by or on behalf of the LICENSEE or its sublicensees (through multiple tiers) to a third party in a country after obtaining approval (including pricing and reimbursement approvals), product and establishment licenses, registrations or authorizations of any kind of the U.S. Food and Drug Administration or any foreign equivalent necessary for the marketing and sale of LICENSED TECHNOLOGIES that results in NET SALES .

1.8. "IND" shall mean an investigational new drug application filed with the United States Food and Drug Administration prior to beginning clinical trials in humans in the United States or any comparable application filed with regulatory authorities in or for a country or group of countries other than the United States.

1.9. “INSOLVENT” shall mean that LICENSEE (i) has ceased to pay its debts in the ordinary course of business, (ii) has current assets that are insufficient to pay its current obligations, (iii) is insolvent as defined by the United States Federal Bankruptcy Law, as amended from time to time, or (iv) has commenced bankruptcy, reorganization, receivership or insolvency proceedings, or any other proceeding under any Federal, state or other law for the relief of debtors.

1.10. “LICENSE” refers to the license granted under Article 2.1.

1.11. “LICENSED PATENT RIGHTS” shall mean:

(a) Patent applications (including provisional patent applications and PCT patent applications) or patents listed in Appendix A, all divisions and continuations of these applications, all patents issuing from these applications, divisions, and continuations, and any reissues, reexaminations, and extensions of these patents;

(b) to the extent that the following contain one or more claims directed to the invention or inventions disclosed in 1.11(a): all counterpart foreign and U.S. patent applications and patents to 1.11(a) and 1.11(b), including those listed in Appendix A.

1.12. “LICENSED TECHNOLOGY” or “LICENSED TECHNOLOGIES” shall mean process, product, machine, manufacture, composition of matter, apparatus, kit, or any part thereof, which, in the course of manufacture, use, sale, or importation, would, absent this Agreement, infringe one or more claims of the LICENSED PATENT RIGHTS that have not been held unpatentable, invalid or unenforceable by an unappealed or unappealable judgment of a court of competent jurisdiction, on a LICENSED TECHNOLOGY-by-LICENED TECHNOLOGY basis and on a country-by-country basis.

1.13. “LICENSED TERRITORY” shall mean the entire world.

1.14. “NDA” shall mean a new drug application filed with the United States Food and Drug Administration to obtain marketing approval for a LICENSED TECHNOLOGY in the United States or any comparable application filed with a regulatory authority in or for a country or group of countries other than the United States.

1.15. “NET SALES” shall mean:

(a) the total gross amounts received from the sale, lease, rental, practice or other disposition of LICENSED TECHNOLOGIES by LICENSEE, SUBLICENSEES or AFFILIATES from third party end users less the following deductions, provided they actually pertain to the disposition of LICENSED TECHNOLOGIES and are separately invoiced or collected:

(i) all reasonable and customary discounts, returns, credits and allowances on account of returns, bad debt deductions actually written off during the calendar quarter in which sales occurred, provided, however, that deductions taken for bad debt shall not exceed in aggregate ten percent (10.0%) of gross sales of LICENSED TECHNOLOGIES during the calendar quarter;

(ii) reasonable and customary outbound transportation and freight charges; and

(iii) reasonable and customary duties, taxes (but not income taxes) and other governmental charges levied on the sale, transportation or delivery of LICENSED TECHNOLOGIES, but not including income taxes of the LICENSEE.

(b) No deductions shall be made for any other costs or expenses, including but not limited to commissions to any person or entity on LICENSEE's, SUBLICENSEE's or an AFFILIATE's payroll or for the cost of collection.

(c) Notwithstanding any provision in this Agreement to the contrary, NET SALES shall not include the gross amounts received for LICENSED TECHNOLOGIES used by, sold to, or leased to, by any AFFILIATE or SUBLICENSEE unless such AFFILIATE or SUBLICENSEE is an end-user of any LICENSED TECHNOLOGIES, in which case such NET SALES shall be calculated using the average gross invoice price charged to third parties who are not AFFILIATES or SUBLICENSEES during the same quarter. In the event that LICENSED TECHNOLOGIES are leased or exchanged for consideration other than money, the gross invoice price shall be the average gross invoice price charged to third parties during the same quarter.

(d) Notwithstanding any provision in this Agreement to the contrary, NET SALES shall not include the supply of LICENSED TECHNOLOGIES as commercial samples, for use in pre-clinical or clinical studies, or for process development, quality control or assurance, storage as safety stock, transfer as a charitable donation or any other transaction for which no gross revenue is received.

(e) In the event that LICENSED TECHNOLOGIES are combined with and sold, rented, leased or otherwise made available to others for a single price with another active ingredient or component having independent therapeutic effect or utility which ingredient or component is not itself LICENSED TECHNOLOGIES, then "NET SALES," for purposes of determining royalty payments on the combination, shall be calculated using one of the methods set forth in (i) and (ii) below. For purposes of clarity and avoidance of disputes, a product for which an effective dose consists of the administration of LICENSED TECHNOLOGIES and the separate administration of another product, shall be deemed to be a combination for the purposes of the calculation of NET SALES. NET SALES of a combination including as a component LICENSED TECHNOLOGIES shall be determined as follows:

(i) By multiplying the NET SALES of the combination by the fraction A/A+B, where A is the gross selling price (or lease, rent or other payment), during the royalty paying period in question, of the LICENSED TECHNOLOGIES sold, leased, rented or otherwise disposed of for consideration separately, and B is the gross selling price (or lease, rent, or other payment), during the royalty period in question, of the other active ingredients or components sold, leased, rented or otherwise disposed of for consideration separately; or

(ii) In the event that one or more of the LICENSED TECHNOLOGIES or any of the active ingredients or components of such combination package are not separately sold, leased, rented or otherwise made available to others for consideration during the royalty paying period in question, NET SALES, for the purposes of determining royalty payments shall be calculated using the above formula where A is the reasonably estimated commercial value of the LICENSED TECHNOLOGIES sold separately and B is the reasonably estimated commercial value of the other active ingredients or components sold separately. Any such estimates shall be determined according to generally acceptable accounting practices.

1.16. "PATENT ISSUANCE" shall mean the first of the LICENSED PATENT RIGHTS which have been allowed and issued by The United States Patent and Trademark Office.

1.17. "PHASE I CLINICAL TRIAL" shall mean a human clinical trial, the principal purpose of which is to determine toxicity, absorption, metabolism and/or safe dosage range in patients with the disease target being studied as required in 21 C.F.R. §312.21(a) or its foreign equivalent. For avoidance of doubt, a phase I/II clinical trial shall be considered a PHASE I CLINICAL TRIAL unless otherwise agreed between the parties.

1.18. "PHASE II CLINICAL TRIAL" shall mean a human clinical trial, the principal purpose of which is to evaluate the effectiveness of a drug for a particular indication in patients with the disease and to determine the common short-term side effects and risks associated with the drug as required in 21 C.F.R. §312.21(b) or its foreign equivalent. For avoidance of doubt, a phase II/III clinical trial shall be considered a PHASE II CLINICAL TRIAL unless otherwise agreed between the parties.

1.19. "PHASE III CLINICAL TRIAL" shall mean expanded controlled and uncontrolled human clinical trials, performed after preliminary evidence suggesting effectiveness of has been obtained, and is intended to gather the additional information about effectiveness and safety that is needed to evaluate the overall benefit-risk relationship of the drug and to provide an adequate basis for physician labeling, as required in 21 C.F.R. §312.21(c) or its foreign equivalent.

1.20. "PLAN" is defined in Article 6.1.

1.21. "REASONABLE COMMERCIAL EFFORTS" shall mean reasonable efforts and diligence to be in accordance with efforts and resources LICENSEE would use for a product candidate owned by it or to which it has rights which is of similar market potential as the applicable LICENSED TECHNOLOGY taking into account the competitiveness of the market place, the proprietary position of the LICENSED TECHNOLOGY, the relative potential safety and efficacy of the LICENSED TECHNOLOGY, the cost of goods and availability of capacity to manufacture and supply the LICENSED TECHNOLOGY at commercial scale, the profitability of the applicable LICENSED TECHNOLOGY and other relevant factors including, without limitation, technical, legal, scientific or medical factors..

1.22. "SUBLICENSE INCOME" shall mean consideration in any form received by LICENSEE or an AFFILIATE in connection with a grant to any third party or parties of a sublicense or other right, license, privilege or immunity to make, have made, use, sell, have sold, distribute, import or export LICENSED TECHNOLOGIES, but excluding EARNED ROYALTIES on NET SALES of LICENSED TECHNOLOGY. SUBLICENSE INCOME shall include without limitation any license signing fee, license maintenance fee, milestone payments, unearned portion of any minimum royalty payment received by LICENSEE, equity, distribution or joint marketing fee, funding specifically designated for research and development in excess of LICENSEE's cost of performing such research and development, and any consideration received for an equity interest in, extension of credit to or other investment in LICENSEE to the extent such consideration exceeds the fair market value of the equity or other interest received as determined by agreement of the parties or by an independent appraiser mutually agreeable to the parties. Notwithstanding the foregoing, SUBLICENSE INCOME shall not include the following: (i) payments received for the license or sublicense of any intellectual property other than LICENSED PATENT RIGHTS; (ii) payments received in reimbursement for patent expenses, or (iii) payments received in reimbursement for reasonable marketing expenses. SUBLICENSE INCOME shall not be reduced, off-set or otherwise allocated as a result of including rights in addition to those licensed hereunder in connection with any such grant.

1.23. "SUBLICENSEE" shall mean any third party sublicensed by LICENSEE or otherwise granted any other right, license, privilege or immunity to make, have made, use, sell, have sold, import or export any LICENSED TECHNOLOGY.

1.24. "TERM" is defined in Article 2.4.

ARTICLE 2 LICENSE GRANT AND TERM

2.1. Subject to all the terms and conditions of this Agreement, MOFFITT hereby grants to LICENSEE an exclusive license under the LICENSED PATENT RIGHTS, with the right to grant sublicenses in multiple tiers, to make, have made, use, sell, have sold, import or export LICENSED TECHNOLOGIES within the FIELD in the LICENSED TERRITORY (the "LICENSE") provided this Agreement is in effect and LICENSEE is not in breach of its obligations hereunder.

2.2. To the extent that any invention included within the LICENSED PATENT RIGHTS has been funded in whole or in part by the United States government, the United States government retains certain rights in such invention including but not limited to 35 U.S.C. §200-212 and all regulations promulgated thereunder, as amended, and any successor statutes and regulations (collectively the "Federal Patent Policy"). As a condition of the LICENSE granted hereby, LICENSEE acknowledges and shall comply with all aspects of the Federal Patent Policy applicable to the LICENSED TECHNOLOGIES, including the obligation that LICENSED TECHNOLOGIES used or sold in the United States be manufactured substantially in the United States. Nothing contained in this Agreement obligates or shall obligate MOFFITT to take any action that would conflict in any respect with its past, current or future obligations to the United States Government under the Federal Patent Policy with respect to the LICENSED PATENT RIGHTS.

2.3. Notwithstanding anything contained herein to the contrary, the LICENSE is expressly made subject to MOFFITT's reservation of the right for MOFFITT, USF, and ALL other non-profit academic and research institutions to make, use and practice the LICENSED PATENT RIGHTS for internal and external collaborative not-for-profit purposes including teaching, research, continuing research, development, and testing and all other non-commercial purposes, provided that such purposes do not directly benefit any for-profit entity. Nothing in this Agreement shall be construed to grant by implication, estoppel or otherwise any licenses under patents of MOFFITT or USF other than the LICENSED PATENT RIGHTS. MOFFITT shall not, without LICENSEE'S prior written consent, grant any rights or licenses to any intellectual property or technology to any third party, or transfer any data or know-how to any third party, or otherwise assist any third party in any manner that would conflict with MOFFITT'S obligations under this Agreement.

2.4. Unless terminated earlier as provided in Article 12, the term of the LICENSE ("the TERM") shall commence on the EFFECTIVE DATE and shall automatically expire on the earlier of: (a) the date on which the last of the claims of the patents described in the LICENSED PATENT RIGHTS expires, lapses or is declared to be invalid by a final, non-appealable decision of a court of competent jurisdiction through no fault or cause of LICENSEE; or (b) twenty (20) years after the EFFECTIVE DATE.

2.5. Except as expressly provided in this Agreement, under no circumstances shall LICENSEE, as a result of this Agreement, obtain any interest in or any other right to any technology, know-how, patents, patent applications, materials or other intellectual or proprietary property of MOFFITT.

ARTICLE 3 SUBLICENSES

3.1. LICENSEE shall have the right to grant sublicenses to SUBLICENSEES under this Agreement, provided that (a) LICENSEE shall provide MOFFITT with a final, un-redacted copy of such sublicense agreement thirty (30) days prior to the execution of the sublicense agreement, and a copy of each full executed sublicense agreement within thirty (30) days of the final execution of such sublicense agreement and (b)any sublicense granted by LICENSEE shall comply with and be consistent with all the terms and conditions of this Agreement. Any agreement between the LICENSEE and any SUBLICENSEE shall be subject to and subordinate to this Agreement and expressly provide that the provisions of this Agreement shall be directly enforceable against such SUBLICENSEE by MOFFITT. Notwithstanding the foregoing, LICENSEE shall be entitled to determine the commercial terms of any such sublicense. For the avoidance of doubt, LICENSEE shall also include provisions in all sublicenses to provide that, in the event that SUBLICENSEE challenges, directly or indirectly urging of a third party on behalf of the SUBLICENSEE, whether as a claim, a cross-claim, counterclaim, or defense, the validity or enforceability of any of the LICENSED TECHNOLOGIES before any court, arbitrator, or other tribunal or administrative agency in any jurisdiction, then MOFFITT may terminate the SUBLICENSE within thirty (30) days. LICENSEE shall remain responsible for its obligations hereunder and for the performance of its SUBLICENSEE (including without limitation, making all payments due to MOFFITT by reason of any NET SALES of LICENSED TECHNOLOGIES), and LICENSEE shall ensure its SUBLICENSEE complies with all relevant provisions of this Agreement.

3.2. LICENSEE shall pay royalties to MOFFITT on NET SALES of LICENSED TECHNOLOGIES by its SUBLICENSEES based on the same royalty rate as apply to NET SALES by LICENSEE and its AFFILIATES. For the avoidance of doubt, LICENSEE shall be entitled to conduct or to perform research, development, manufacturing, marketing and/or distribution activities on a contract basis in respect of the LICENSED TECHNOLOGIES by means of any third party, and no payments shall be due to MOFFITT from LICENSEE as a consequence of such activities.

3.3. LICENSEE agrees that it has sole responsibility to:

(a) provide MOFFITT with a copy of any amendments to sublicenses granted by LICENSEE under this Agreement and to notify MOFFITT of termination of any sublicense; and

(b) deliver copies of all reports provided to LICENSEE by SUBLICENSEES, to the extent such reports relate to obligations of LICENSEE and SUBLICENSEES under this Agreement.

In addition, LICENSEE shall pay to MOFFITT [* * *] of any SUBLICENSE INCOME. Payment of SUBLICENSE INCOME shall be made within sixty (60) days of LICENSEE'S receipt of the SUBLICENSE INCOME. Notwithstanding any provision herein to the contrary, upon SUBLICENSEE reaching a milestone event described in Article 4.4, LICENSEE shall pay MOFFITT the greater of (1) the milestone payment described in Article 4.4 or (2) [* * *] of the SUBLICENSE INCOME pertaining to the reaching of the same milestone event.

ARTICLE 4 LICENSE ISSUE FEE; LICENSE MAINTENANCE FEE; MILESTONE PAYMENTS

4.1. LICENSEE shall pay to MOFFITT a non-refundable license issue fee of [* * *] payable within thirty (30) days of the EFFECTIVE DATE.

4.2. LICENSEE shall pay to MOFFITT a non-refundable fee upon PATENT ISSUANCE of [* * *] payable in cash within thirty (30) days of PATENT ISSUANCE.

4.3. During the TERM of this Agreement, LICENSEE agrees to pay to MOFFITT an annual license maintenance fee ("LMF") of [* * *] commencing on the first anniversary of the EFFECTIVE DATE and every anniversary thereafter until PATENT ISSUANCE. Once PATENT ISSUANCE occurs, LICENSEE agrees to pay to MOFFITT an annual license maintenance fee ("LMF") according to the following schedule, commencing on the first anniversary of the PATENT ISSUANCE and every anniversary thereafter until LICENSEE starts to pay Minimum Royalty Payments under Article 5.3. The LMF payable in years in which milestone payments as described in Article 4.4 are paid shall be fully creditable against such milestone payments.

Anniversaries after PATENT ISSUANCE	LMF
1-3	[* * *]
4 and beyond	[* * *]

4.4. LICENSEE shall pay the following milestone royalties to MOFFITT for the first LICENSED TECHNOLOGY developed by LICENSEE:

(a) a non-refundable milestone payment of [* * *] when LICENSEE initiates its first PHASE I CLINICAL TRIAL.

(b) a non-refundable milestone payment of [* * *] when LICENSEE initiates its first PHASE II CLINICAL TRIAL.

(c) a non-refundable milestone payment of [* * *] when LICENSEE initiates its first PHASE III CLINICAL TRIAL.

(d) a non-refundable milestone payment of [* * *] upon the first NDA approval of a LICENSED TECHNOLOGY by the FDA;

4.5. For avoidance of doubt, initiation of clinical trials in Article 4.4 occurs upon the dosing of the first patient in the applicable clinical trial. Neither the license issue fee set forth in Article 4.1 nor the LMF of Article 4.3 nor the milestone fee set forth in Article 4.4 shall be credited against EARNED ROYALTIES payable under Article 5. LICENSEE shall be entitled to subcontract any or all of its tasks hereunder. MOFFITT hereby acknowledge that LICENSEE has not guaranteed that the performance of the PHASE I CLINICAL TRIALS, PHASE II CLINICAL TRIALS or PHASE III CLINICAL TRIALS will be successful or achieve any specific results or that any regulatory approvals shall be granted with respect to the LICENSED TECHNOLOGIES.

ARTICLE 5 EARNED ROYALTIES; MINIMUM ROYALTY PAYMENTS

5.1. During the TERM of this Agreement, as partial consideration for the LICENSE, LICENSEE shall pay to MOFFITT an earned royalty of [* * *] on worldwide cumulative NET SALES of LICENSED TECHNOLOGY by LICENSEE or its SUBLICENSEES or AFFILIATES ("EARNED ROYALTIES").

5.2. LICENSEE shall pay all EARNED ROYALTIES accruing to MOFFITT within thirty (30) days from the end of each calendar quarter (March 31, June 30, September 30 and December 31), beginning in the first calendar quarter in which NET SALES occur.

5.3. During the term of this Agreement, LICENSEE agrees to pay MOFFITT annual Minimum Royalty Payments ("MRP") of [* * *] commencing on the first anniversary of the EFFECTIVE DATE to occur at least six (6) months after the date of the FIRST SALE and until PATENT ISSUANCE. Once PATENT ISSUANCE has occurred, LICENSEE agrees to pay MOFFITT the MRP according to the following schedule:

Years after PATENT ISSUANCE	MRP
1-3	[* * *]
4 and beyond	[* * *]

LICENSEE shall continue to pay the MRP until the end of the TERM. MOFFITT shall fully credit each MRP made against any EARNED ROYALTIES payable by LICENSEE in the same year.

5.4. All EARNED ROYALTIES and other payments due under this Agreement shall be paid to MOFFITT in United States Dollars. In the event that conversion from foreign currency is required in calculating a payment under this Agreement, the exchange rate used shall be the Interbank rate quoted by Citibank (or successor) at the end of the last business day of the quarter in which the royalty was earned. If overdue, the royalties and any other payments due under this Agreement shall bear interest until payment at a per annum rate two percent (2%) above the prime rate in effect at Citibank (or successor) as of the payment due date and MOFFITT shall be entitled to recover reasonable attorneys' fees and costs related to the administration or enforcement of this Agreement, including collection of royalties or other payments, following such failure to pay. The payment of such interest shall not foreclose MOFFITT from exercising any other right it may have as a consequence of the failure of LICENSEE to make any payment when due.

5.5. In the event that a patent included within LICENSED PATENT RIGHTS expires or lapses, or if all of its claims are declared invalid by a non-appealable decision of a court of competent jurisdiction, LICENSEE shall have no further obligation to pay EARNED ROYALTIES and MRP for LICENSED TECHNOLOGY covered by the invalidated patent claim(s). . This Agreement shall remain in effect as to any other LICENSED TECHNOLOGY covered by any remaining LICENSED PATENT or remaining claims under the LICENSED TECHNOLOGIES.

5.6. In the event that LICENSEE is legally required to make royalty payments on one or more third party patents in order to develop, make, have made, use, sell, offer to sell, lease or import LICENSED TECHNOLOGIES, LICENSEE may offset [* * *] of such third-party payments against any EARNED ROYALTIES that are due to MOFFITT in the same CALENDAR QUARTER. In no event shall the EARNED ROYALTIES under this Section when aggregated with any other offsets and credits allowed under this AGREEMENT, be reduced by more than [* * *] in any CALENDAR QUARTER.

5.7. LICENSEE is responsible for any and all wire/bank fees associated with all payments due to MOFFITT pursuant to this Agreement.

ARTICLE 6 DUE DILIGENCE

6.1. LICENSEE shall develop, commercialize, and market the LICENSED TECHNOLOGY and has designed a plan for such purpose that includes a description of research and development, testing, government approval, manufacturing, marketing and sale or lease of LICENSED TECHNOLOGY ("PLAN"). A copy of the PLAN is attached to this Agreement as Appendix B and incorporated herein by reference.

6.2. LICENSEE shall use REASONABLE COMMERCIAL EFFORTS to implement the PLAN and to obtain regulatory approval for the LICENSED TECHNOLOGY, beginning such implementation within ninety (90) days after the EFFECTIVE DATE of this Agreement, and thereafter use REASONABLE COMMERCIAL EFFORTS to commercialize and develop markets for the LICENSED TECHNOLOGY. For the avoidance of doubt, nothing contained in this Agreement shall be construed as a warranty by LICENSEE that any development or any commercialization to be carried out by it in connection with this Agreement will actually achieve its aims or any other results and LICENSEE makes no warranties whatsoever as to any results to be achieved in consequence of the carrying out of any such development. Furthermore, LICENSEE makes no representation to the effect that the commercialization of the LICENSED TECHNOLOGIES, or any part thereof, will succeed, or that it shall be able to sell LICENSED TECHNOLOGIES in any quantity.

6.3. Within thirty (30) days of each anniversary of the EFFECTIVE DATE of this Agreement, LICENSEE shall provide a written summary report to MOFFITT, indicating LICENSEE's progress and problems to date in performance under the PLAN. Such report shall include a summary description of each research study performed using LICENSED TECHNOLOGY (. Such report shall further include a short summary of all filings with government agencies pertaining to the LICENSED TECHNOLOGY. Such report shall further include a short summary of the marketing strategy for promoting the LICENSED TECHNOLOGY to the public, if any. Within thirty (30) days of each anniversary of the EFFECTIVE DATE of this Agreement, LICENSEE shall provide MOFFITT with an updated copy of the PLAN that includes a forecast and schedule of major events required to obtain regulatory approval for and market the LICENSED TECHNOLOGY. From time to time while this Agreement is in effect, LICENSEE shall furnish MOFFITT with reasonable requested information pertaining to the development, marketing, and commercialization of the LICENSED TECHNOLOGY.

ARTICLE 7 CONFIDENTIALITY AND PUBLICITY

7.1. Subject to the parties' rights and obligations pursuant to this Agreement, MOFFITT and LICENSEE agree that during the term of this Agreement and for five (5) years thereafter, each of them:

(a) will keep confidential and will cause their AFFILIATES and, in the case of LICENSEE, its SUBLICENSEES, to keep confidential, CONFIDENTIAL INFORMATION disclosed to it by the other party, by taking whatever action the party receiving the CONFIDENTIAL INFORMATION would take to preserve the confidentiality of its own CONFIDENTIAL INFORMATION, which in no event shall be less than reasonable care; and

(b) will only disclose that part of the other's CONFIDENTIAL INFORMATION to its officers, employees or agents that is necessary for those officers, employees or agents who need to know to carry out its responsibilities under this Agreement; and

(c) will not use the other party's CONFIDENTIAL INFORMATION other than as expressly set forth in this Agreement or disclose the other's CONFIDENTIAL INFORMATION to any third parties under any circumstance without advance written permission from the other party; and

(d) will, within sixty (60) days of termination of this Agreement, return all the CONFIDENTIAL INFORMATION disclosed to it by the other party pursuant to this Agreement except for one copy which may be retained by the recipient for monitoring compliance with this Article 7.

7.2. The obligations of confidentiality described above shall not pertain to that part of the CONFIDENTIAL INFORMATION that as established by written records:

(a) is already in the recipient's possession prior to receipt from the disclosing party; or

(b) is in the public domain by use and/or publication at the time of receipt from the disclosing party, or enters into the public domain through no improper act of the receiving party; or

(c) is developed independently by the receiving party without reference to the information of the disclosing party; or

(d) is properly obtained by receiving party from a third party with a valid legal right to disclose such information and such third party is not under a confidentiality obligation to such information to the disclosing party; or

(e) is required to be disclosed by law in the opinion of recipient's attorney, but only after the disclosing party is given prompt written notice and an opportunity to seek a protective order.

7.3. Except as required by law, neither party may disclose the financial terms of this Agreement without the prior written consent of the other party, except that MOFFITT may share such terms with USF, and LICENSEE can share such terms with its potential investors and collaborators. MOFFITT may share LICENSEE'S CONFIDENTIAL INFORMATION with its investigators and USF, provided that MOFFITT is responsible for the compliance with the confidentiality terms hereunder of such investigators and USF.

ARTICLE 8 REPORTS, RECORDS AND INSPECTIONS

8.1. LICENSEE shall, within thirty (30) days after the calendar quarter in which NET SALES first occur, and within thirty (30) days after the end of each calendar quarter (March 31, June 30, September 30 and December 31) thereafter, provide MOFFITT with a written report, substantially similar to the Moffitt Cancer Center Royalty Report format in Appendix C, detailing the NET SALES and uses, if any, made by LICENSEE, its SUBLICENSEES and AFFILIATES of LICENSED TECHNOLOGY during the preceding calendar quarter and calculating the payments due pursuant to Article 5. NET SALES of LICENSED TECHNOLOGY shall be deemed to have occurred on the receipt of payments for such LICENSED TECHNOLOGY. Each such report shall be signed by an officer of LICENSEE (or the officer's designee), and must include:

(a) the number of LICENSED TECHNOLOGY manufactured, sold, leased or otherwise transferred or disposed of by LICENSEE, SUBLICENSEES and AFFILIATES;

(b) a calculation of NET SALES for the applicable reporting period in each country, including the gross invoice prices charged for the LICENSED TECHNOLOGY and any permitted deductions made pursuant to Article 1.16;

(c) a calculation of total royalties or other payment due, including any exchange rates used for conversion; and

(d) names and addresses of all SUBLICENSEES and the type and amount of any SUBLICENSE INCOME received from each SUBLICENSEE.

8.2. LICENSEE and its SUBLICENSEES shall keep and maintain complete and accurate books and records containing an accurate accounting of all data in sufficient detail to enable verification of EARNED ROYALTIES and other payments under this Agreement, provided that in any event such records shall not be required to be any more detailed than those which LICENSEE or SUBLICENSEES, respectively, generally maintain in their ordinary course of business. LICENSEE and SUBLICENSEES shall preserve such books and records for three (3) years after the calendar year to which they pertain. Such books and records (including but not limited to invoice registers, original invoices, sales analysis reports, accounting general ledgers, sublicense agreements, distributor agreements, price lists, catalogs, chart of accounts, cash receipt journal, transfer pricing records, royalty reports, marketing materials, audited financial statements, income tax returns, produce line income statements, sales tax returns, manufacturing records, shipping records, and inventory records) to the extent they relate directly to the verification of the amounts payable to MOFFITT shall be open to inspection by MOFFITT and an independent certified public accountant selected by MOFFITT, at MOFFITT's expense, during normal business hours upon ten (10) days' prior written notice, for the purpose of verifying the accuracy of the reports and computations rendered by LICENSEE. MOFFITT and the independent certified public accountant shall have the right to interview LICENSEE or SUBLICENSEES' staff in furtherance of verifying any payments owed to MOFFITT. Such accountant shall not disclose to MOFFITT any information other than information relating to the accuracy of reports and payments delivered under this Agreement. In the event LICENSEE underpaid the amounts due to MOFFITT with respect to the audited period by more than five percent (5%), and if either (i) the accountant selected by MOFFITT was approved by LICENSEE in advance of such audit or (ii) such underpayment is proven to the satisfaction of a mutually agreed external auditor, then LICENSEE shall pay the reasonable cost of such examination, together with the deficiency not previously paid, and accrued interest on the underpayment at the lesser of the maximum rate allowed by law or 1.5% per month, all within sixty (60) days of receiving notice thereof from MOFFITT. MOFFITT may exercise its rights under this Section 8.2 only once every year and only with reasonable prior notice to LICENSEE, and subject to prior coordination. Any such audit shall be made during LICENSEE'S normal business hours and shall not unreasonably interfere with the business of LICENSEE and shall be completed within a reasonable time

8.3. MOFFITT acknowledges that LICENSEE is currently a publicly traded company. MOFFITT may access information regarding LICENSEE's financial condition for each fiscal year through publicly filed documents with the U.S. Securities and Exchange Commission.

ARTICLE 9 INTELLECTUAL PROPERTY; PATENT PROTECTION

9.1. LICENSEE shall be the sole owner of (a) all information relating to the PHASE I CLINICAL TRIAL(S), the PHASE II CLINICAL TRIAL(S) and the PHASE III CLINICAL TRIAL(S), as well as all inventions or results generated thereunder or deriving therefrom, including all regulatory filings and approvals in the FIELD and trademarks that may be generated hereunder, and (b) all information and inventions relating to LICENSED TECHNOLOGIES or LICENSED PATENT RIGHTS created, generated, made, conceived, developed, or reduced to practice by or for LICENSEE (the "LICENSEE IP").

9.2. Except as otherwise set forth in this Agreement, LICENSEE and MOFFITT shall retain their respective unrestricted rights to make, have made, use and sell all such data, information, discoveries or inventions that are or may be owned by them, provided however that MOFFITT shall not be entitled to grant any rights thereto that conflict with the rights granted by MOFFITT to LICENSEE hereunder, including LICENSED PATENT RIGHTS in the FIELD, without prior written approval by LICENSEE.

9.3. Each Party hereto undertakes to sign, execute and deliver all documents and papers that may be required, and perform such other acts as may be reasonably required in the circumstances, in order to ensure the division of the intellectual property rights between the Parties in accordance with the terms of this Section 9, as well as the filing of any and all patents arising hereunder and the registration of the LICENSED PATENT RIGHTS granted hereunder.

9.4. LICENSEE shall be responsible for all past, present, and future costs of preparing, filing, prosecuting and maintaining of all patent applications and patents contained in the LICENSED PATENT RIGHTS to the extent within the FIELD AND LICENSED TERRITORY. Any and all such patent applications and patents, shall remain the property of MOFFITT and/or USF. For the avoidance of doubt, prosecution shall include re-examinations, reissues, interferences, inter-partes review, post-grant review, oppositions and the like.

9.5. LICENSEE shall pay for filing, prosecuting and maintaining the patent applications and patents contained in the LICENSED PATENT RIGHTS to the extent within the FIELD at least in the United States, Europe and Japan and also in other countries selected by MOFFITT and agreed to by LICENSEE. If LICENSEE does not agree to pay the expenses of filing, prosecuting or maintaining a patent application or patent in any such other countries, then upon sixty (60) days prior written notice, MOFFITT may file, prosecute and maintain such patent application or patent in such other countries at its own expense and LICENSEE's rights and obligations under this Agreement shall terminate automatically with respect to such patent application or issued patent.

9.6. The costs mentioned in Articles 9.2 and 9.3 shall include, but are not limited to, any taxes, annuities, working fees, maintenance fees, renewal and extension charges. Payment of such costs shall be made, at MOFFITT's option, either directly to patent counsel or by reimbursement to MOFFITT. In either case, LICENSEE shall make payment directly to the appropriate party within sixty (60) days of receiving its invoice. If LICENSEE fails to make payment to MOFFITT or patent counsel, as appropriate,of any undisputed charges within the thirty day period, LICENSEE shall be charged a five percent (5%) surcharge on the invoiced amount per month or fraction thereof or such higher amount as may be charged by patent counsel. Failure of LICENSEE to pay the surcharge shall be grounds for termination by MOFFITT under Article 12.1(b). Nothing contained herein shall be deemed to be a warranty by either of the parties that they can or will be able to obtain patents on patent applications or that any such patents will afford adequate or commercially worthwhile protection.

9.7. MOFFITT shall have the right to file, prosecute and maintain the patent applications and patents contained in the LICENSED PATENT RIGHTS using counsel of its choice. MOFFITT, however, agrees to delegate to LICENSEE the responsibility to direct the filing, prosecution and maintenance of such patent applications and patents using independent patent counsel selected by LICENSEE and reasonably agreed to by MOFFITT. Said independent patent counsel shall represent both LICENSEE and MOFFITT. LICENSEE shall have such responsibility to direct the filing, prosecution and maintenance of such patent applications and patents, unless and until MOFFITT, in its sole discretion, determines that MOFFITT desires to assume such responsibility using counsel of its choice.

9.8. With respect to any patent applications and patents contained in the LICENSED PATENT RIGHTS, the party responsible for directing prosecution (the "Prosecuting Party") and patent counsel shall (a) consult with the other party (the "Non-prosecuting Party") and keep the Non-prosecuting Party fully informed of the progress of the preparation, filing, prosecution and maintenance of such patent applications and patents, (b) consult with the Non-prosecuting Party and keep the Non-prosecuting Party fully informed about patent strategy with respect to such patent applications and patents, (c) provide to the Non-prosecuting Party advance copies of documents relevant to preparation, filing, prosecution and maintenance of such patent applications and patents sufficiently in advance of filing to allow the Non-prosecuting Party a reasonable opportunity to review and comment on such documents, (d) consider and implement all the Non-prosecuting Party's reasonable comments on such patent filings, and (e) provide the Non-prosecuting Party with final copies of such documents. LICENSEE agrees to use commercially reasonable efforts to obtain broad and strong patent protection in the best interest of MOFFITT and LICENSEE. The Prosecuting Party will not finally abandon any patent application, or make decisions that would have a material impact on the nature or scope of any claims without the Non-prosecuting Party's prior written consent.

9.9. LICENSEE shall apply, and shall require SUBLICENSEES to apply, the patent marking notices required by the law of any country where such LICENSED TECHNOLOGY are made, sold, used or shipped, including, but not limited to, the applicable patent laws of that country.

ARTICLE 10 INFRINGEMENT AND LITIGATION

10.1. Each party shall promptly notify the other in writing in the event that (a) it obtains knowledge of activity by third parties infringing or otherwise violating the intellectual property rights in the LICENSED PATENT RIGHTS, or (b) it is sued or threatened with an infringement suit, in any country in the LICENSED TERRITORY as a result of activities that concern the LICENSED PATENT RIGHTS, and shall supply the other party with documentation of the infringing activities that it possesses.

10.2. During the TERM of this Agreement:

(a) LICENSEE shall have the first right, but not the obligation, to assert and defend rights in the LICENSED PATENT RIGHTS respecting infringement or other violation of intellectual property rights in the LICENSED PATENT RIGHTS by third parties in the FIELD and in the LICENSED TERRITORY using counsel of its own selection. This right includes bringing any legal action for infringement and defending any counter claim of a third party respecting the LICENSED TECHNOLOGIES such as a counter claim or declaratory judgment for invalidity, non-infringement, or unenforceability. If, in the reasonable opinion of LICENSEE's and MOFFITT's respective counsel, MOFFITT is required to be a named party to any such suit for standing purposes, LICENSEE may join MOFFITT as a party; provided, however, that (i) MOFFITT shall not be the first named party in any such action, (ii) the pleadings and any public statements about the action shall state that the action is being pursued by LICENSEE and that LICENSEE has joined MOFFITT as a party; and (iii) LICENSEE shall keep MOFFITT reasonably apprised of all developments in any such action. LICENSEE may settle such suits only with MOFFITT's prior written consent. LICENSEE shall bear the expense of such legal actions where LICENSEE joins MOFFITT as a party, including MOFFITT's reasonable expenses. Except for providing reasonable assistance, at the request and expense of LICENSEE, MOFFITT shall have no obligation regarding the legal actions described in Article 10.2 unless required to participate by law. However, MOFFITT shall have the right to participate in any such action through its own counsel and at its own expense. Any recovery shall first be applied to LICENSEE's out of pocket expenses and second shall be applied to MOFFITT's out of pocket expenses, including legal fees. MOFFITT shall recover ten percent (10%) of any excess recovery over those expenses.

(b) In the event LICENSEE fails to initiate and pursue or participate in the actions described in the preceding paragraph (a) within sixty (60) days of LICENSEE first becoming aware of an infringement or other violation of intellectual property rights in the LICENSED PATENT RIGHTS or (b) upon notice by LICENSEE to MOFFITT that it does not intend to initiate, pursue or participate in such action(s), whichever is earlier, MOFFITT shall have the right to initiate or take over such legal action at its own expense and MOFFITT may use the name of LICENSEE as a party in such action. In such case, LICENSEE shall provide reasonable assistance to MOFFITT if requested to do so. MOFFITT may settle such actions solely through its own counsel. Any recovery shall be split between MOFFITT and LICENSEE on a pro rata basis as determined by the relative total out of pocket and legal expenses incurred by each party in pursuing the legal action.

10.3. In the event LICENSEE is permanently enjoined from exercising its LICENSE under this Agreement pursuant to an infringement action brought by a third party, or if both LICENSEE and MOFFITT elect not to undertake the defense or settlement of a suit alleging infringement for a period of six (6) months from notice of such suit, then either party shall have the right to terminate this Agreement (and all obligations and rights therein) in the country where the suit was filed with respect to the licensed patent following thirty (30) days' written notice to the other party in accordance with the terms of Article 14.

ARTICLE 11 USE OF MOFFITT'S NAMES

LICENSEE shall not use the name "University of South Florida," or "H. Lee Moffitt Cancer Center and Research Center," nor any variation or adaptation thereof, nor any trademark, tradename or other designation owned by MOFFITT, nor the names of any of its trustees, officers, faculty, students, employees or agents, for any purpose without the prior written consent of the appropriate party in each instance, except that LICENSEE may state that it has licensed from MOFFITT one or more of the patents and/or applications within the LICENSED PATENT RIGHTS, and/or identify MOFFITT and disclose the terms of this Agreement as otherwise required under applicable law. Nothing herein shall prevent MOFFITT from complying with public information requests as required under Florida law or from including general information about the Agreement in reports.

ARTICLE 12 TERMINATION

12.1. MOFFITT shall have the right, at its option, upon thirty (30) days prior written notice to LICENSEE (a) to terminate this Agreement or (b) to convert all exclusive licenses granted herein to nonexclusive licenses, in either case in the event LICENSEE:

(a) fails to make any payment of undisputed amounts due and payable pursuant to this Agreement unless LICENSEE shall make all such payments of undisputed amounts (and all interest due on such payments under Article 5.4) within the thirty (30) day period after receipt of written notice from MOFFITT; or

(b) commits a breach of any other provision of this Agreement which is not cured (if capable of being cured) within the sixty (60) day period after receipt of written notice thereof from MOFFITT, or upon mutual agreement of the parties that such breach is not capable of being cured; or

(c) challenges, directly or indirectly urging of a third party on behalf of the LICENSEE, whether as a claim, a cross-claim, counterclaim, or defense, the validity or enforceability of any of the LICENSED PATENT RIGHTS before any court, arbitrator, or other tribunal or administrative agency in any jurisdiction ("Conflicting Claim"); provided, however, that in the event that LICENSEE has control, directly or indirectly, to a Conflicting Claim originally brought or raised by a third party as a result of LICENSEE's merger with or acquisition of such third party, the foregoing termination right shall be modified as follows: (A) as soon as reasonably practicable after the closing of such merger or acquisition but no later than fourteen (14) days following LICENSEE's actual knowledge of the Conflicting Claim, LICENSEE shall notify MOFFITT of the existence of the Conflicting Claim; (B) LICENSEE shall decide, within forty five (45) days following the provision of such notice to MOFFITT, whether to withdraw or otherwise terminate the Conflicting Claim; and (C) in the event LICENSEE decides not to withdraw or terminate the Conflicting Claim, MOFFITT may terminate this Agreement on thirty (30) days prior written notice..

12.2. Notwithstanding any provision herein to the contrary, this Agreement shall terminate automatically without any notice to LICENSEE in the event LICENSEE shall cease to carry on its business or becomes INSOLVENT, or a petition in bankruptcy is filed against LICENSEE and is consented to, acquiesced in or remains undismissed for one hundred twenty (120) days, or LICENSEE makes a general assignment for the benefit of creditors, or a receiver is appointed for LICENSEE.

12.3. LICENSEE shall have the right to terminate this Agreement upon written notice to MOFFITT:

(a) at any time on six (6) months' notice to MOFFITT; or

(b) in the event MOFFITT commits a material breach of any of the provisions of this Agreement and such breach is not cured (if capable of being cured) within the sixty (60) day period after receipt of written notice thereof from LICENSEE, or upon receipt of such notice if such breach is not capable of being cured.

12.4. Upon termination of this Agreement, for any reason, all rights and licenses granted to LICENSEE under the terms of this Agreement are terminated. Notwithstanding the foregoing, in the event this Agreement is terminated for any reason, LICENSEE and its Affiliates shall have the right for six (6) months following the date of termination to sell or otherwise dispose of the stock of any LICENSED TECHNOLOGIES subject to this Agreement then on hand, subject to the right of MOFFITT to receive payment thereon as provided in Article 5 herein. Except as set forth above, upon such termination, LICENSEE shall cease to manufacture or sell LICENSED TECHNOLOGY and cease to use LICENSED INFORMATION. Within sixty (60) days of the effective date of termination, MOFFITT shall return to LICENSEE all materials owned by LICENSEE and all CONFIDENTIAL INFORMATION of LICENSEE. Within sixty (60) days of the effective date of termination, LICENSEE shall return to MOFFITT:

(a) All CONFIDENTIAL INFORMATION disclosed by MOFFITT;

(b) the last report required under Article 6 or 8, if any; and

(c) all payments incurred up to the effective date of termination.

12.5. Upon termination of this Agreement, each sublicense granted by LICENSEE hereunder and remaining in effect as of immediately prior to such termination shall, effective as of such termination, automatically and with no further action necessary by any person or entity, be converted into a direct license granted by MOFFITT to the relevant SUBLICENSEE under the LICENSED PATENT RIGHTS within the scope of such sublicense, on the same terms and conditions as were applicable to LICENSEE hereunder as of immediately prior to such termination (provided that no SUBLICENSEE shall be responsible for any obligations of LICENSEE relating to time periods prior to such termination and further provided that MOFFITT shall not be obligated to perform any obligations of LICENSEE not consistent with those of the MOFFITT under this Agreement).

12.6. Termination of this Agreement shall not affect any rights or obligations accrued prior to the effective date of such termination and specifically LICENSEE's obligation to pay all earned and undisputed EARNED ROYALTIES and other payments required by Articles 4 and 5. The following provisions shall survive any termination: Article 7, Article 8.2, Article 11, this Article 12.5, Article 12.8, Article 13, Article 15, Article 16.1, and Article 17.

12.7. The rights provided in this Article 12 shall be in addition and without prejudice to any other rights and remedies under the law which the parties may have with respect to any breach of the provisions of this Agreement.

12.8. Waiver by either party of one or more defaults or breaches shall not deprive such party of the right to terminate because of any subsequent default or breach.

12.9. Upon termination of this Agreement for any reason other than breach by MOFFITT, LICENSEE shall grant MOFFITT an exclusive option to license the benefit of all regulatory approvals of, or clinical trials or other studies conducted on, and all filings made with regulatory agencies with respect to, the LICENSED TECHNOLOGY. In addition, at MOFFITT's request, LICENSEE shall grant MOFFITT an exclusive option to license all records required by regulatory authorities to be maintained with respect to the sale, storage, handling, shipping and use of the LICENSED TECHNOLOGY, all reimbursement approval files, all documents, data and information related to clinical trials and other studies of LICENSED TECHNOLOGY, any other data, techniques, know-how and other information developed or generated that relate to the LICENSED TECHNOLOGIES or LICENSED TECHNOLOGY, and all copies and facsimiles of such materials, documents, information and files. MOFFITT may exercise the option herein by giving LICENSEE written notice at any time during the period starting on the termination date and ending six (6) months thereafter ("Option Term"). Upon exercise of the options, the parties shall negotiate in good faith for the license containing commercially reasonable terms including a royalty on net sales and percentage of third party payment. The Option Term may be extended in writing signed by the authorized representatives of the parties.

ARTICLE 13 INDEMNIFICATION; INSURANCE; NO WARRANTIES

13.1. LICENSEE shall defend, indemnify and hold harmless MOFFITT and its AFFILIATES, and both of their trustees, directors, officers, employees, and agents and their respective successors, heirs and assigns against any and all liabilities, claims, demands, damages, judgments, losses and expenses of any nature, including without limitation legal expenses and attorneys' fees (a "CLAIM"), to the extent relating to (i) gross negligence or willful misconduct of LICENSEE in performance of this Agreement, or (ii) a breach by LICENSEE of its obligations, representations and warranties hereunder, or (iii) any activities conducted by or for LICENSEE under this Agreement as part of the PHASE I CLINICAL TRIAL (to the extent conducted by or for LICENSEE), PHASE II CLINICAL TRIAL, PHASE III CLINICAL TRIAL or as part of the development, manufacture, use, sale or other disposition of any LICENSED TECHNOLOGIES by LICENSEE; provided, however that the LICENSEE shall not be responsible to indemnify MOFFITT pursuant to this Article 13.1 to the extent any CLAIM arises out of MOFFITT's gross negligence or willful misconduct.

13.2. As soon as reasonably possible after an indemnified party becomes aware of any potential liability hereunder, such indemnified party shall deliver written notice to the indemnifying party, stating the nature of the potential liability; provided, however, that the failure to give such notification shall not affect the indemnification provided hereunder except to the extent that the indemnifying party shall have been actually prejudiced as a result of such failure. The indemnifying party shall have the right to assume the defense of any suit or claim related to the liability if it has assumed responsibility for the suit or claim in writing; provided, however, if in the reasonable judgment of the indemnified party, such suit or claim involves an issue or matter which could have a materially adverse effect on the business, operations or assets of the indemnified party, the indemnified party may waive its rights to indemnity under this Agreement and control the defense or settlement thereof, but in no event shall any such waiver be construed as a waiver of any indemnification rights such indemnified party may have at law or in equity. In the defense of any claim or litigation, the indemnifying party shall not, except with the prior written consent of the other party, enter into a settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such other party a complete release from all liability in respect of such claim or litigation. If the indemnifying party defends the suit or claim, the indemnified party may participate in (but not control) the defense thereof at its sole cost and expense; provided, however, that the indemnifying party shall pay the reasonable fees and costs of any separate counsel to the extent such separate representation is due to a conflict of interest between the parties. In the event of the commencement of any action (including any governmental action) against either MOFFITT or LICENSEE resulting from or relating in any way to this Agreement, then the party with knowledge of the commencement of such action shall, within a reasonable time, notify the other party of such.

13.3. LICENSEE shall maintain, for the term of this Agreement and thereafter, sufficient insurance to cover its obligations under this Agreement, including clinical trial insurance, and under law as it customarily maintains for similar activities in the regular course of its business. With respect to LICENSEE, subject to Section 13.5, such insurance shall:

(a) list “MOFFITT their trustees, directors, officers, employees and agents” as additional insureds under the policy;

(b) provide that such policy is primary and not excess or contributory with regard to other insurance MOFFITT may have;

(c) be endorsed to include product liability coverage in amounts no less than One Million Dollars ($1,000,000) per incident and Three Million Dollars ($3,000,000) annual aggregate; and

(d) be endorsed to include contractual liability coverage for LICENSEE’s indemnification under Article 13.1; and

(e) by virtue of the minimum amount of insurance coverage required under Article 13.4(c), not be construed to create a limit of LICENSEE’s liability with respect to its indemnification under Article 13.1.

13.4. By signing this Agreement, LICENSEE certifies that its requirements of Article 13.4 will be met on or before the earlier of (a) the date of FIRST SALE of any LICENSED TECHNOLOGY or (b) the date any LICENSED TECHNOLOGY is tested or used on humans, and will continue to be met thereafter. Upon MOFFITT's request, LICENSEE shall furnish a Certificate of Insurance and a copy of the current Insurance Policy to MOFFITT. Such policy shall require that thirty (30) days' written notice to MOFFITT prior to any cancellation of or material change to the policy.

(a) EXCEPT AS EXPRESSLY STATED HEREIN, MOFFITT MAKES NO REPRESENTATIONS OR WARRANTIES THAT ANY CLAIMS OF THE LICENSED TECHNOLOGIES, ISSUED OR PENDING, ARE VALID, OR THAT THE MANUFACTURE, USE, SALE OR OTHER DISPOSAL OF THE LICENSED TECHNOLOGY DOES NOT OR WILL NOT INFRINGE ANY PATENT OR OTHER RIGHTS NOT VESTED IN MOFFITT.

(b) EXCEPT AS EXPRESSLY STATED HEREIN, MOFFITT DISCLAIMS ALL WARRANTIES WHATSOEVER WITH RESPECT TO THE LICENSED TECHNOLOGIES , EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. LICENSEE SHALL MAKE NO STATEMENTS, REPRESENTATION OR WARRANTIES WHATSOEVER TO ANY THIRD PARTIES WHICH ARE INCONSISTENT WITH SUCH DISCLAIMER BY MOFFITT. IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES, OR ANY OF THEIR TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES, BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGE OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER SUCH PARTY SHALL BE ADVISED, SHALL HAVE OTHER REASON TO KNOW, OR IN FACT SHALL KNOW OF THE POSSIBILITY OF THE FOREGOING. IN NO EVENT SHALL MOFFITT OR ITS AFFILIATES, OR BOTH OF THEIR TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES, BE LIABLE FOR DAMAGES IN EXCESS OF AMOUNTS MOFFITT HAVE RECEIVED FROM LICENSEE UNDER THIS LICENSE.

ARTICLE 14 REPRESENTATIONS AND WARRANTIES

14.1. Each party hereto hereby represents that it is has the full power and authority to enter into this Agreement and to convey the rights herein conveyed.

14.2. Each party represents each on behalf of itself, that entering this Agreement and performance thereof shall not constitute a breach of any agreement, contract, understanding and/or obligation, or any third party rights including its documents of incorporation that it is currently bound by.

14.3. Each party represents each on behalf of itself, that it shall perform its obligations hereunder diligently, expeditiously and to the best of its abilities.

14.4. As of the Effective Date of this Agreement, MOFFITT represents that:

(a) All parts of LICENSED PATENT RIGHTS are owned by MOFFITT and/or USF;

(b) To its knowledge, except as set forth in Section 2.2, no third party has any rights to the LICENSED PATENT RIGHTS that would conflict with the rights granted to LICENSEE by MOFFITT hereunder; and.

(c) As of the Effective Date, there are no actions, suits, investigations, claims or proceedings pending or threatened in any way relating to the LICENSED PATENT RIGHTS.

14.5. Nothing contained in this Agreement is a warranty or representation by either party that any efforts to be exerted by same in connection with this Agreement will actually achieve their aims or succeed, and neither party makes any warranties whatsoever as to any results to be achieved in consequence of the carrying out of any such efforts or activities; and that any patents will be issued with respect to any patent applications or that patents obtained on any of the said patent applications are or will be valid or will afford proper protection or that the LICENSED PATENT RIGHTS will be commercially exploitable or of any other value.

ARTICLE 15 NOTICES, PAYMENTS

15.1. Any payment, notice or other communication required by this Agreement (a) shall be in writing, (b) may be delivered personally, sent via electronic mail, or sent by reputable overnight courier with written verification of receipt or by registered or certified first class United States Mail, postage prepaid, return receipt requested, (c) shall be sent to the following addresses or to such other address as such party shall designate by written notice to the other party, and (d) shall be effective upon receipt:

FOR MOFFITT:
Director
Office of Technology Management
and Commercialization
12902 Magnolia Drive, MRC TTO
Tampa, Florida 33612
Jarett.Rieger@moffitt.org

FOR LICENSEE:
Lion Biotechnologies, Inc.
21900 Burbank Blvd, Third Floor
Woodland Hills, California 91367
peter.ho@lionbio.com

ARTICLE 16 LAWS, FORUM AND REGULATIONS

16.1. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida without reference to conflict of laws principles or statutory rules of arbitration included therein. Any dispute or proceeding under this Agreement shall be subject to the exclusive jurisdiction and venue of the 13th Judicial Circuit in and for Hillsborough County, Florida and the parties hereby consent to the exclusive personal jurisdiction and venue of these courts.

16.2. LICENSEE shall comply, and shall cause its SUBLICENSEES to comply, with all foreign and United States federal, state, and local laws, regulations, rules and orders applicable to the testing, production, transportation, packaging, labeling, export, sale and use of the LICENSED TECHNOLOGY. In particular, LICENSEE shall be responsible for assuring compliance with all United States export laws and regulations applicable to this LICENSE and LICENSEE's and its SUBLICENSEE'S activities under this Agreement.

ARTICLE 17 MISCELLANEOUS

17.1. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors and permitted assigns.

17.2. This Agreement constitutes the entire agreement of the parties relating to the LICENSED TECHNOLOGIES, and all prior representations, agreements and understandings, written or oral, are merged into it and are superseded by this Agreement.

17.3. The provisions of this Agreement shall be deemed separable. If any part of this Agreement is rendered void, invalid, or unenforceable, such determination shall not affect the validity or enforceability of the remainder of this Agreement unless the part or parts which are void, invalid or unenforceable shall substantially impair the value of the entire Agreement as to either party

17.4. Article headings are inserted for convenience of reference only and do not form a part of this Agreement.

17.5. No person not a party to this Agreement, including any employee of any party to this Agreement, shall have or acquire any rights by reason of this Agreement. Nothing contained in this Agreement shall be deemed to constitute the parties partners with each other or any third party.

17.6. This Agreement may not be amended or modified except by written agreement executed by each of the parties. This Agreement shall not be assigned by LICENSEE without the prior written consent of MOFFIT, provided that LICENSEE shall be entitled, at any time, to assign this Agreement to an AFFILIATE or to a party which acquires all or substantially all of that party's business related to this Agreement, whether by merger, sale of assets or otherwise, provided that LICENSEE shall guarantee performance of any and all financial liabilities hereunder by such transferee.. Any attempted assignment in contravention of this Article 17.6 shall be null and void ab initio and shall constitute a material breach of this Agreement.

17.7. LICENSEE, or any SUBLICENSEE or permitted assignee, will not create, assume or permit to exist any lien, pledge, security interest or other encumbrance on this Agreement or any sublicense.

17.8. The failure of any party hereto to enforce at any time, or for any period of time, any provision of this Agreement shall not be construed as a waiver of either such provision or of the right of such party thereafter to enforce each and every provision of this Agreement.

17.9. LICENSEE acknowledges that it is subject to and agrees to abide by the United States laws and regulations (including the Export Administration Act of 1979 and Arms Export Contract Act) controlling the export of technical data, computer software, laboratory prototypes, biological material, and other commodities. The transfer of such items may require a license from the cognizant agency of the U.S. Government or written assurances by LICENSEE that it shall not export such items to certain foreign countries without prior approval of such agency. MOFFITT neither represents that a license is or is not required or that, if required, it shall be issued.

17.10. The Parties agree that this Agreement may be executed and delivered by facsimile, electronic mail, internet, or any other suitable electronic means, and the Parties agree that signatures delivered by any of the aforementioned means shall be deemed to be original, valid, and binding upon the Parties.

IN WITNESS to their Agreement, the parties have caused this Agreement to be executed by their duly authorized representatives.

H. Lee Moffitt Cancer Center and Research Institute, Inc.		Lion Biotechnologies, Inc.	
By:	/s/	By:	/s/ Manish Singh
	Name: Dr. James J. Mulé		Name: Manish Singh, Ph.D.
	Title: Associate Center Director, Translational Research		Title: Chief Executive Officer

Appendix A

LICENSED PATENT RIGHTS

- Provisional Patent Application having the serial number 61/955,970 entitled “Compositions and Methods for Improving Tumor-Infiltrating Lymphocytes for Adoptive Cell Therapy” filed 3/20/14, (14MA011PR).

- Provisional Patent Application having the serial number 61/973,002 entitled “Compositions and Methods for Improving Tumor-Infiltrating Lymphocytes for Adoptive Cell Therapy” filed 3/31/14, (14MA011PR2).

Appendix B

PLAN

The LICENSEE has an obligation to provide MOFFITT with a PLAN within six (6) months from the EFFECTIVE DATE. The PLAN should include developmental milestones.

Appendix C
MOFFITT CANCER CENTER ROYALTY REPORT

Licensee: _____
Agreement Number: _____
Period Covered: From: / / Through: / /
Prepared By: _____
Approved By: _____
Report Currency: _____
Product Line: _____

Country	Volume of Sales (Month 1)	Volume of Sales (Month 2)	Volume of Sales (Month 3)	Total Gross Sales*	Less Deductions**	Net Sales	Royalty Rate	Royalty Amount	Conversion Rate	Total Royalty in US $
TOTAL:										

If license covers several major product lines, please prepare a separate report for each product line. Then combine all product lines into a summary report.

* Gross sales represent amount invoiced or billed to a third party.
** On a separate page, please itemize all deductions and indicate the reasons for such deductions. Permitted deductions are listed in the License Agreement. Also note any unusual occurrences that affected royalty amounts during this period. To assist Moffitt's forecasting, please comment on any significant expected trends in sales volume.

The following royalty forecast is non-binding and for Moffitt's internal planning purposes only:

Next Quarter: _____ Q2: _____ Q3: _____ Q4: _____

Exhibit 31.1

CERTIFICATION

I, Manish Singh, Chief Executive Officer of Lion Biotechnologies, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lion Biotechnologies, 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. I have disclosed, based on my 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.

Dated: August 8, 2014

By: /s/ Manish Singh
Manish Singh
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael Handelman, Chief Financial Officer of Lion Biotechnologies, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lion Biotechnologies, 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. I have disclosed, based on my 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.

Dated: August 8, 2014

By: /s/ Michael Handelman
Michael Handelman
Chief 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 Lion Biotechnologies, Inc. (the "Company") for the quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Manish Singh, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(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.

Dated: August 8, 2014

By: /s/ Manish Singh
Manish Singh
Chief Executive Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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 Lion Biotechnologies, Inc. (the "Company") for the quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael Handelman, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(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.

Dated: August 8, 2014

By: /s/ Michael Handelman
Michael Handelman
Chief Financial Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.