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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

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

Date of report (Date of earliest event reported): September 30, 2009

CELLDEX THERAPEUTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**0-15006**	**13-3191702**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
119 Fourth Avenue **Needham, Massachusetts** (Address of principal executive offices)		**02494-2725** (Zip Code)

Registrant's telephone number, including area code: (781) 433-0771

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

This Current Report on Form 8-K/A amends the Current Report on Form 8-K filed by us on October 2, 2009, to include the financial statements and exhibits as required in connection with the transaction reported therein.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated balance sheets of CuraGen Corporation ("CuraGen") as of December 31, 2008 and 2007 and the audited consolidated statements of operations, changes in stockholders' equity and cash flows of CuraGen for the years ended December 31, 2008, 2007 and 2006, and the notes related thereto, are filed as Exhibit 99.1.

The unaudited condensed balance sheets of CuraGen as of March 31, 2009 and December 31, 2008 and the unaudited condensed statements of operations and cash flows of CuraGen for the three-month period ended March 31, 2009 and 2008, and the notes related thereto, are filed as Exhibit 99.2.

The unaudited condensed balance sheets of CuraGen as of June 30, 2009 and December 31, 2008 and the unaudited condensed statements of operations for the three and six month period ended June 30, 2009 and 2008 and unaudited condensed statements of cash flows of CuraGen for the six-month period ended June 30, 2009 and 2008, and the notes related thereto, are filed as Exhibit 99.3.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined statement of operations as of June 30, 2009 and for the fiscal year ended December 31, 2008, the unaudited pro forma combined balance sheet as of June 30, 2009, and accompanying notes are filed as Exhibit 99.4.

(d) Exhibits

Exhibit Number	Description
23.1	Consent of Deloitte & Touche LLP, Registered Independent Public Accounting Firm of CuraGen
99.1	The audited consolidated balance sheets of CuraGen as of December 31, 2008 and 2007 and the audited consolidated statements of operations, changes in stockholders' equity and cash flows of CuraGen for the years ended December 31, 2008, 2007 and 2006, and the notes related thereto.
99.2	The unaudited condensed balance sheets of CuraGen as of March 31, 2009 and December 31, 2008 and the unaudited condensed statements of operations and cash flows of CuraGen for the three-month period ended March 31, 2009 and 2008, and the notes related thereto.
99.3	The unaudited condensed balance sheets of CuraGen as of June 30, 2009 and December 31, 2008 and the unaudited condensed statements of operations for the three and six month period ended June 30, 2009 and 2008 and unaudited condensed statements of cash flows of CuraGen for the six-month period ended June 30, 2009 and 2008, and the notes related thereto.
99.4	The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2009 and for the fiscal year ended December 31, 2008, the unaudited pro forma condensed combined balance sheet as of June 30, 2009, and the notes related thereto.

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 hereunto duly authorized.

CELLDEX THERAPEUTICS, INC.

By: /s/ AVERY W. CATLIN

Name: Avery W. Catlin
Title: Senior Vice President, Treasurer and Chief Financial Officer

Dated: October 21, 2009

EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-151728 and 333-117602 on Form S-8 and Registration Statement No. 333-143112 on Form S-3 of Celldex Therapeutics, Inc. of our report dated March 9, 2009, relating to the consolidated financial statements of CuraGen Corporation and subsidiary, and the effectiveness of CuraGen Corporation's internal control over financial reporting, appearing in this Current Report on Form 8-K/A.

/s/ Deloitte & Touche LLP

Hartford, CT
October 21, 2009

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Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of CuraGen Corporation
Branford, Connecticut

We have audited the accompanying consolidated balance sheets of CuraGen Corporation and subsidiary (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. We also have audited the Company's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report (not included herein). Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the CuraGen Corporation and subsidiary as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in

the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Deloitte & Touche LLP

Hartford, CT

March 9, 2009

CURAGEN CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,103	$ 16,730
Restricted cash	—	14,533
Short-term investments	30,332	19,039
Marketable securities	38,229	64,675
Cash, restricted cash and investments	87,664	114,977
Income taxes receivable	283	419
Prepaid expenses	211	2,290
Total current assets	88,158	117,686
Property and equipment, net	102	479
Other assets, net	286	1,117
Total assets	$ 88,546	$ 119,282
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 239	$ 254
Accrued expenses	1,610	3,140
Accrued payroll and related items	660	1,613
Interest payable	253	1,048
Other current liabilities	1,352	3,787
Total current liabilities	4,114	9,842
Long-term liabilities:		
Convertible subordinated debt	18,967	69,890
Deferred revenue, net of current portion	—	1,085
Total long-term liabilities	18,967	70,975
Commitments and contingencies		
Stockholders' equity:		
Common Stock; $.01 par value, issued and outstanding 57,118,186 shares at December 31, 2008, and 58,074,127 shares at December 31, 2007	571	581
Additional paid-in capital	527,294	525,481
Accumulated other comprehensive income (loss)	393	(23)
Accumulated deficit	(462,793)	(487,574)
Total stockholders' equity	65,465	38,465
Total liabilities and stockholders' equity	$ 88,546	$ 119,282

See accompanying notes to consolidated financial statements

CURAGEN CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2008	2007	2006
Collaboration revenue	$ 1,174	$ 88	$ 2,298
Operating expenses			
Research and development	15,076	36,778	44,009
General and administrative	5,151	11,658	13,648
Restructuring charges	529	11,274	—
Total operating expenses	20,756	59,710	57,657
Gain on sale of intangible asset	36,397	—	—
Income (loss) from operations	16,815	(59,622)	(55,359)
Interest income	3,356	5,583	7,458
Interest expense	(1,687)	(5,167)	(9,351)
Realized (loss) gain on sale of available-for-sale investments, net	(372)	616	(288)
Gain on extinguishment of debt	6,991	8,442	—
Income (loss) from continuing operations before income taxes	25,103	(50,148)	(57,540)
Income tax (provision) benefit	(322)	185	376
Income (loss) from continuing operations	24,781	(49,963)	(57,165)
Discontinued Operations			
Loss from discontinued operations	—	(2,991)	(2,675)
Gain on sale of subsidiary	—	78,352	—
Income (loss) from discontinued operations	—	75,361	(2,675)
Net income (loss)	$ 24,781	$ 25,398	$ (59,839)
Basic and diluted income (loss) per share from continuing operations	$ 0.44	$ (0.89)	$ (1.04)
Basic and diluted income (loss) per share from discontinued operations	—	1.34	(0.05)
Basic and diluted net income (loss) per share	$ 0.44	$ 0.45	$ (1.09)
Weighted average number of shares used in computing:			
Basic income (loss) per share	56,738	55,853	54,896
Diluted income (loss) per share	60,642	55,853	54,896

See accompanying notes to consolidated financial statements

CURAGEN CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Number of Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Unamortized Stock-Based Compensation	Total	Total Comprehensive Income (Loss)
January 1, 2006	55,642,080	$ 556	$ 514,862	$ (2,785)	$ (453,133)	$ (3,016)	$ 56,484	
Net loss	—	—	—	—	(59,839)	—	(59,839)	$ (59,839)
Unrealized gains on available-for-sale securities, net of reclassification adjustment (see disclosure below)	—	—	—	5,133	—	—	5,133	5,133
Comprehensive loss								$ (54,706)
Issuance of restricted stock	455,000	5	—	—	—	—	5	
Retirement of restricted stock	(31,625)	—	—	—	—	—	—	
Reversal of unamortized stock-based compensation	—	—	(3,016)	—	—	3,016	—	
Employee stock option activity	25,049	—	5,989	—	—	—	5,989	
Non-employee stock option activity	216,000	2	657	—	—	—	659	
Stock-based 401(k) plan employer match	84,178	1	335	—	—	—	336	
December 31, 2006	56,390,682	564	518,827	2,348	(512,972)	—	8,767	
Net income	—	—	—	—	25,398	—	25,398	$ 25,398
Unrealized losses on available-for-sale securities, net of reclassification adjustment (see disclosure below)	—	—	—	(2,371)	—	—	(2,371)	(2,371)
Comprehensive income								$ 23,027
Issuance of restricted stock	1,537,020	15	—	—	—	—	15	
Retirement of restricted stock	(42,230)	—	—	—	—	—	—	
Employee stock option activity	19,400	1	6,521	—	—	—	6,522	
Non-employee stock option activity	—	—	(219)	—	—	—	(219)	
Stock-based 401(k) plan employer match	169,255	1	352	—	—	—	353	
December 31, 2007	58,074,127	581	525,481	(23)	(487,574)	—	38,465	
Net income	—	—	—	—	24,781	—	24,781	$ 24,781
Unrealized gains on available-for-sale securities, net of reclassification adjustment (see disclosure below)	—	—	—	416	—	—	416	416
Comprehensive income								$ 25,197
Issuance of restricted stock	50,000	—	—	—	—	—	—	
Retirement of restricted stock	(1,203,485)	(12)	—	—	—	—	(12)	
Employee stock option activity	—	—	1,665	—	—	—	1,665	
Stock-based 401(k) plan employer match	197,544	2	148	—	—	—	150	
December 31, 2008	57,118,186	$ 571	$ 527,294	$ 393	$ (462,793)	$ —	$ 65,465	

See accompanying notes to consolidated financial statements

CURAGEN CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY—(Continued)
(in thousands, except share data)

	Number of Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Unamortized Stock-Based Compensation	Total	Total Comprehensive Income (Loss)
Disclosure of 2006 comprehensive loss reclassification adjustment:								
Unrealized holding gains on available-for-sale securities arising during period								$ 4,845
Reclassification adjustment for losses included in net loss								288
Unrealized gains on short-term investments and marketable securities, net of reclassification adjustment								$ 5,133
Disclosure of 2007 comprehensive loss reclassification adjustment:								
Unrealized holding losses on available-for-sale securities arising during period								$ (1,706)
Reclassification adjustment for gains included in net income								(665)
Unrealized losses on short-term investments and marketable securities, net of reclassification adjustment								$ (2,371)
Disclosure of 2008 comprehensive loss reclassification adjustment:								
Unrealized holding gains on available-for-sale securities arising during period								$ 58
Reclassification adjustment for losses included in net income								358
Unrealized losses on short-term investments and marketable securities, net of reclassification adjustment								$ 416

See accompanying notes to consolidated financial statements

CURAGEN CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2008	2007	2006
Cash flows from operating activities:			
Net income (loss)	$ 24,781	$ 25,398	$ (59,839)
(Income) loss from discontinued operations	—	(75,361)	2,675
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Deferred revenue	(1,174)	(89)	1,174
Depreciation and amortization	454	3,493	7,343
Asset impairment expense	—	6,322	—
Non-monetary compensation	1,653	3,539	5,345
Stock-based 401(k) employer plan match	150	353	335
Non-cash interest income	(83)	1,045	608
Non-cash interest income—Restricted cash	(144)	(403)	—
Realized loss (gain) on sale of available-for-sale investments, net	358	(616)	288
Gain on extinguishment of debt	(6,991)	(8,442)	—
Gain on sale of long-term marketable securities	—	(665)	—
Gain on sale of intangible asset	(36,397)	—	—
Changes in assets and liabilities:			
Restricted cash	551	—	—
Accrued interest receivable	356	357	267
Income taxes receivable	136	124	166
Accounts receivable	—	926	(871)
Prepaid expenses	2,077	494	(836)
Other assets	(22)	279	(139)
Accounts payable	(16)	(57)	(755)
Accrued expenses	(1,529)	(149)	356
Accrued payroll and related items	(953)	(197)	629
Interest payable	(795)	(2,257)	—
Deferred revenue	—	—	(3,121)
Other current liabilities	(2,346)	2,122	(914)
Net cash used in operating activities	(19,934)	(43,784)	(47,289)
Cash flows from investing activities:			
Acquisitions of property and equipment	(3)	(188)	(411)
Proceeds from sale of fixed assets	96	29	180
Payments for other assets	—	—	(7)
Net proceeds from sale of intangible asset	24,583	—	—
Gross purchases of short-term investments	(48,174)	(18,961)	(29,967)
Gross maturities of short-term investments	23,450	15,900	14,527
Gross sales of short-term investments	11,726	7,123	4,930
Gross purchases of marketable securities	(4,021)	(19,938)	(11,710)
Gross maturities of marketable securities	22,050	17,090	57,025
Gross sales of marketable securities	21,722	21,389	52,925
Proceeds from sale of held for sale assets	—	2,610	—
Proceeds from sale of long-term marketable securities	—	6,260	—
Net cash provided by investing activities	51,429	31,314	87,492
Cash flows from financing activities:			
Proceeds from exercise of stock options	—	72	586
Repayment of convertible debt	—	(66,228)	—
Payment for extinguishment of debt	(43,247)	(31,024)	—
Net cash (used in) provided by financing activities	(43,247)	(97,180)	586
Cash flows from discontinued operations:			
Net operating cash flows (used in) discontinued operations	—	(379)	(7,870)
Net investing cash flows provided by discontinued operations	14,125	67,819	8,480
Net financing cash flows provided by discontinued operations	—	23	494
Net cash provided by discontinued operations	14,125	67,463	1,104
Plus decrease (increase) in cash and cash equivalents of discontinued operations, net of sale proceeds	—	431	(1,104)
Net increase (decrease) in cash and cash equivalents	2,373	(41,756)	40,789
Cash and cash equivalents, beginning of year	16,730	58,486	17,697
Cash and cash equivalents, end of year	$ 19,103	$ 16,730	$ 58,486
Supplemental cash flow information:			
Interest paid	$ 2,275	$ 6,752	$ 8,487
Income tax paid	$ 494	$ —	$ —
Income tax benefits received	$ 247	$ 407	$ 1,114
Supplemental schedule of noncash investing transactions:			
Fair value of marketable securities acquired	$ 11,814	$ —	$ —

See accompanying notes to consolidated financial statements

CURAGEN CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Organization—CuraGen Corporation ("CuraGen" or the "Company"), is a Connecticut-based biopharmaceutical development company dedicated to improving the lives of patients by developing novel therapeutics for the treatment of cancer.

In May 2007, the sale of 454 Life Sciences Corporation, our previously majority-owned subsidiary ("454"), to Roche Diagnostics Operations, Inc. ("RDO"), was completed. See Notes 12 and 13 for further details.

All dollar amounts are shown in thousands, except share and per share data.

CuraGen has reclassified the consolidated statements of operations for the years ended December 31, 2007 and 2006 to reflect the realized (loss) gain on sale of available-for-sale investments on a separate line, rather than within interest income. This revision had no effect on the Company's net income (loss) reported.

As shown in the accompanying financial statements, the Company has incurred negative cash flows from operations in all years. The Company generated net income of $24,781 in 2008 primarily as a result of the sale of belinostat to TopoTarget and gains on the extinguishment of our convertible subordinated debt. The Company had net income of $25,398 in 2007 principally resulting from the sale of its former majority-owned subsidiary 454 Life Sciences Corporation. Absent these items in 2008 and 2007, the Company had negative cash flows and losses. The Company expects to continue to incur losses and negative cash flows in the future. In the near future, the Company's principal sources of liquidity will be its cash and investment balances, interest income, and potential private strategic-driven transactions. However, should these sources of liquidity not be available when needed, or should the Company's actual cash requirements be greater than anticipated, the Company may be unable to meet the critical objective of its long-term business plan, which is to successfully develop and market pharmaceutical products, and it may be unable to continue operations. The Company's failure to use sources of liquidity effectively could have a material adverse effect on its business, results of operations and financial condition.

The Company continues to carefully manage the amounts and timing of its expenditures for its product development activities. As a result of these above actions, the Company believes that its existing cash balances will be sufficient to fund the Company's operations into 2011. However, there can be no assurance that these measures will be successful to the extent necessary for the Company to remain current on its obligations, and therefore, it may be unable to meet the critical objective of its long-term business plan, which is to successfully develop and market pharmaceutical products, and it may be unable to continue operations.

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 revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Cash, Cash Equivalents and Investments—The Company considers investments readily convertible into cash, with an original maturity of three months or less to be cash equivalents. Investments with an original maturity greater than three months but less than one year are considered short-term investments. Investments with an original maturity equal to or greater than one year are designated as marketable securities. Both short-term investments and marketable securities are classified as available-for-sale securities, and are carried at fair value with the unrealized gains and losses reported in other comprehensive income within stockholders' equity.

The Company periodically reviews its investment portfolio based on criteria established in Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" to determine if there is an impairment that is other than temporary. In testing for impairment, the Company considers, among other factors, the length of time and the severity of a security's unrealized loss, the financial condition and near term prospects of the issuer, economic forecasts, market or industry trends and the Company's ability and intent to hold securities to maturity. Interest on debt securities, amortization of premiums, and accretion of discounts are included in interest income. The cost of securities sold is based on the specific identification method.

Property and Equipment—Property and equipment are recorded at cost. Additions, renewals and betterments that significantly extend the life of an asset are capitalized. Minor replacements, maintenance and repairs are charged to operations as incurred. Equipment is depreciated over the estimated useful lives of the related assets, ranging from three to five years, using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated lives or the remaining terms of the leases, using the straight-line method. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation or amortization are eliminated from the accounts and any resulting gain or loss is reflected in the consolidated statements of operations.

Impairment of Long-Lived Assets—The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets," which establishes a single accounting model for long lived assets to be held for use. The Company regularly evaluates the recoverability of the net carrying value of its property, and intangible assets, when an indicator of impairment is present by comparing the carrying values to the estimated future undiscounted cash flows. An impairment loss is recognized when the carrying value of the long-lived asset exceeds its fair value. The impairment write-down is the difference between the carrying amount and the fair value of these long-lived assets. A loss on impairment is recognized through a charge to earnings.

Licensing Fees—Licensing fees are paid for the right to market and sell certain technologies in our platform and licensing fees for various purposes. Perpetual licenses taken on potential therapeutic products for which there is no current indication as to whether or not there is a future commercial market for sale, are expensed when incurred. Licenses acquired for which there is a specific period of benefit are amortized by the Company over that period. The costs of non-perpetual licenses, which are included in Other assets, net, are amortized over the various lives of the licenses.

Financing Costs—The Company includes deferred financing costs incurred in connection with the issuance of convertible subordinated debt in Other assets, net and amortizes these costs over the life of the debt. The amortization expense is included in interest expense. When debt is repurchased, the Company writes off the related unamortized deferred financing costs and nets the write off with any gain or loss recognized on the extinguishment of the debt.

Accumulated amortization was $448 and $1,341, respectively, as of December 31, 2008 and 2007. Amortization expense was $168, $534 and $865, respectively, for the years ended December 31, 2008, 2007 and 2006.

Patent Application Costs—The Company seeks patent protection on processes and products in various countries. All patent related costs are expensed to general and administrative expenses as incurred, as recoverability of such expenditures is uncertain.

Revenue Recognition—The Company recognizes revenue when all four criteria are met: (1) persuasive evidence that an arrangement exists; (2) delivery of the products has occurred or services have been rendered; (3) the selling price is fixed or determinable; and (4) the collectibility is reasonably assured, in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104,

"Revenue Recognition," which set forth guidelines for the timing of revenue recognition based upon factors such as passage of title, installation, payment and customer acceptance.

Collaboration Revenue

During 2008, the Company recognized the remaining $1,174 of collaboration revenue from the grant of exclusive worldwide rights from TopoTarget A/S ("TopoTarget") to a third party for a preclinical histone deacetylase inhibitor ("HDAC inhibitor"), and the Company's agreement with TopoTarget in which the Company receives 50% of initial payments received by TopoTarget from the third party. In January 2008, TopoTarget was informed by the third party it had terminated the development of the preclinical compound pursuant to its license agreement with TopoTarget, and all unrecognized revenue was recognized upon termination.

Accrued Expenses—The Company reviews open contracts, communicates with applicable personnel to identify services that have been performed on the Company's behalf and estimates the level of service performed and the associated costs incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual costs. The majority of the Company's service providers invoice monthly in arrears for services performed. The Company makes estimates of its accrued expenses as of each balance sheet date in its financial statements based on facts and circumstances known. The Company also periodically confirms the accuracy of its estimates with the service providers and makes adjustments if necessary.

Prepaid Expenses—The Company has established a method for monitoring and accounting for prepaid expenses. Prepaid expenses are those that arise when cash is disbursed and a portion of the associated benefit of the disbursement is for a future period. An asset is recorded on the books for the total invoice amount when paid and is amortized ratably over the coverage period.

Research and Development Expenses—Research and development costs are charged to research and development expenses as incurred. Such costs primarily include clinical trial related costs such as contractual services and manufacturing costs, salary and benefits, license fees and milestone payments, supplies and reagents, and allocated facility costs. Amounts relating to protein (or compound, or drug) manufacturing activities, for which the physical drug products will be utilized in research and development, are expensed as incurred, as there is no current indication that there is a future commercial market for sale of any successful drug development from these therapeutics.

Stock-Based Compensation—The Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), effective January 1, 2006. SFAS 123R requires recognition of the fair value of stock-based compensation in net income (loss). The Company has one active stock-based compensation plan, the 2007 Stock Incentive Plan ("2007 Stock Plan") and two inactive stock-based compensation plans, the 1997 Employee, Director and Consultant Stock Plan ("1997 Stock Plan") and the 1993 Stock Option and Incentive Award Plan ("1993 Stock Plan").

The Company transitioned to fair-value-based accounting for stock-based compensation under SFAS 123R using the modified version of the prospective application method ("modified prospective application method"). Under the modified prospective method, restatement of prior financial statements is not required; and SFAS 123R applies to new awards and to awards modified, repurchased or cancelled on or after January 1, 2006. Additionally, compensation cost for the portion of awards that are outstanding as of January 1, 2006, for which the requisite service has not been rendered (generally referring to unvested awards), is recognized as the remaining requisite service is rendered after January 1, 2006.

Historically, the Company used the following methods to determine the factors input into the Black-Scholes model: historical volatility is used to determine the expected stock price volatility factor;

risk-free interest rates are based on the U.S. Treasury yield curve in effect at the time of grant, for the period corresponding to the approximate expected term of the options; and the expected term of the options has been calculated using CuraGen's historical exercise patterns to estimate future exercise patterns. Effective with the adoption of SFAS 123R, the Company continues to utilize the same methodology for purposes of estimating the expected stock price volatility and the risk-free interest rates, however, for purposes of estimating the expected term, the Company uses the simplified approach as outlined in Staff Accounting Bulletin No. 107 (Topic 14) ("SAB 107"), whereby the expected term is equal to the average of the vesting term and the contractual term.

Staff Accounting Bulletin 110, ("SAB 110"), was effective January 1, 2008 and allows companies to continue to utilize the simplified method in developing an estimate of the expected term of "plain vanilla" share options in accordance with SFAS 123R when there have been structural changes in a Company's business such that historical exercise data does not provide a reasonable basis upon which to estimate expected term. Due to the Company's restructuring activities from 2003 through 2008, and the current market value of the Company's common stock being below historical strike prices of share options, historical exercise patterns do not provide a reasonable basis to estimate expected term of current option grants. Accordingly, the Company will continue to utilize the simplified method to estimate expected term of stock options as allowed under SAB 110.

For purposes of restricted stock grants, the grant date fair value is calculated as the fair market value of the stock on the date of grant less the purchase price of the restricted stock paid by the grantee, which is equal to the $.01 par value of the stock. The Company recognizes stock-based compensation expense for restricted stock grants over the requisite service period of the individual grants, which equals the vesting period. Generally, restricted stock grants to employees fully vest between two and three years from the grant date.

Upon adoption of SFAS 123R, the Company recognizes the compensation expense associated with stock options granted to employees after January 1, 2006, and the unvested portion of previously granted employee stock option awards that were outstanding as of December 31, 2005, in the consolidated statements of operations. During the years ended December 31, 2008 and 2007, the Company recognized compensation expense in total operating expenses on the consolidated statements of operations with respect to employee stock options and restricted stock grants as follows:

	Year Ended December 31, 2008	Year Ended December 31, 2007
Compensation expense with respect to employee stock options	$ 764	$ 1,167
Compensation expense with respect to restricted stock grants	$ 900	$ 2,552

The fair value of options granted during the years ended December 31, 2008, 2007 and 2006 were estimated as of the grant date using the Black-Scholes option valuation model with the following weighted average assumptions:

	Year Ended December 31,		
	2008	2007	2006
Expected stock price volatility	68%	66%	79%
Expected risk-free interest rate	4.45%	4.80%	4.28%
Expected option term in years	6.25	6.25	6.25
Expected dividend yield	0%	0%	0%

The approximate weighted-average grant date fair values using the Black-Scholes option valuation model of all stock options granted during the years ended December 31, 2008, 2007 and 2006 were $0.47, $1.27 and $2.78, respectively.

As of December 31, 2008 there was $1,061 of total unrecognized compensation expense related to unvested stock option grants under the 2007 Stock Plan and 1997 Stock Plan. This expense is expected to be recognized over a weighted-average period of 1.62 years.

As of December 31, 2008, there was $202 of total unrecognized compensation expense related to unvested restricted stock issuances under the 2007 Stock Plan and 1997 Stock Plan. This expense is expected to be recognized over a weighted-average period of 1.09 years.

As a result of the sale of 454 discussed in Note 12, 454's operating results are being reported as discontinued operations for the period January 1, 2007 to May 25, 2007 and the year ended December 31, 2006. During the period January 1, 2007 to May 25, 2007 and the year ended December 31, 2006, 454 recognized compensation expense of $2,706 and $678, respectively, with respect to employee stock option awards which is included in income (loss) from discontinued operations.

Comprehensive Income (Loss)—Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"), requires reporting and displaying of comprehensive income (loss) and its components. In accordance with SFAS 130, the accumulated balance of other comprehensive income (loss) is disclosed as a separate component of stockholders' equity and is comprised of unrealized gains and losses on short-term investments and marketable securities.

Income Taxes—Income taxes are provided for as required under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). This statement requires the use of the asset and liability method in determining the tax effect of the "temporary differences" between the tax basis of assets and liabilities and their financial reporting amounts (see Note 14 for the adoption of FIN 48 "Accounting for Uncertainties in Income Taxes").

Income (Loss) Per Share—Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding for the period, excluding unvested restricted stock. Diluted income (loss) per share reflects the potential dilution that could occur if options or other contracts to issue common stock were exercised or converted into common stock. For the years ended December 31, 2008, 2007 and 2006 potentially dilutive securities representing 3,710,560, 3,804,419 and 4,852,431 shares, respectively, of common stock related to outstanding stock options were excluded from the computation of diluted earnings per share because their effect would have been antidilutive. Anti-dilutive potential common shares, consisting of convertible subordinated debt and restricted stock were 173,195, 8,956,668 and 13,400,954 for the years ended December 31, 2008, 2007 and 2006, respectively.

Fair Value of Financial Instruments—Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments" requires the disclosure of fair value information for certain assets and liabilities, whether or not recorded in the balance sheets, for which it is practical to estimate that value. The Company has the following financial instruments: cash and cash equivalents, receivables, accounts payable, accrued expenses and certain other liabilities. The Company considers the carrying amount of these items to approximate fair value due to their short-term nature. In addition, the Company has short-term investments and marketable securities which are recorded at fair value (see Note 8). The Company also has convertible subordinated debt (see Note 7).

Recently Enacted Pronouncements—In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FAS 115" ("SFAS 159"). SFAS 159 allows companies to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. Unrealized gains and losses shall be reported on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS 159 also establishes presentation and disclosure requirements. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and will be applied prospectively. The Company does not plan to elect to re-measure any of its existing financial assets or liabilities under the provisions of this standard.

In December 2007, the FASB ratified the EITF consensus on Issue No. 07-1, "Accounting for Collaborative Arrangements" ("EITF 07-1"). The EITF concluded that a collaborative arrangement is one in which the participants are actively involved and are exposed to significant risks and rewards that depend on the ultimate commercial success of the endeavor. Revenues and costs incurred with third parties in connection with collaborative arrangements would be presented gross or net based on the criteria in EITF 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent", and other accounting literature. Payments to or from collaborators would be evaluated and presented based on the nature of the arrangement and its terms, the nature of the entity's business, and whether those payments are within the scope of other accounting literature. EITF 07-1 is effective for fiscal years beginning after December 15, 2008. The adoption of EITF 07-1 did not have a material impact on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles ("SFAS 162"). SFAS 162 identifies a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles, or GAAP, for nongovernmental entities (the "Hierarchy"). The Hierarchy within SFAS 162 is consistent with that previously defined in the AICPA Statement on Auditing Standards No. 69, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles" ("SAS 69"). SFAS 162 is effective 60 days following the United States Securities and Exchange Commission's (the "SEC") approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". The Company does not believe the adoption of SFAS 162 will have a material effect on its consolidated financial statements.

In May 2008, FASB Staff Position ("FSP") No. APB 14-1, "Accounting for Convertible Debt Instruments That May be Settled in Cash upon Conversion (Including Partial Cash Settlement)" was issued which specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the issuer's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP No. APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of FSP No. APB 14-1 did not have a material impact on the Company's consolidated financial statements.

On January 1, 2008, the Company adopted SFAS No. 157 "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, provides a consistent framework for measuring fair value under Generally Accepted Accounting Principles and expands fair value financial statement disclosure requirements. The valuation techniques described in SFAS 157 are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. In accordance with the provisions of FSP FAS 157-2, "Effective Date of FASB Statement No. 157", the Company deferred the implementation of SFAS 157-2 as it relates to its non-financial assets and non-financial liabilities that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis until January 1, 2009.

2. Property and Equipment

Property and equipment consisted of the following:

	December 31,	
	2008	2007
Laboratory equipment	$ 69	$ 102
Leasehold improvements	603	863
Office equipment	3,255	6,141
Total property and equipment	3,927	7,106
Less accumulated depreciation and amortization	3,825	6,627
Total property and equipment, net	$ 102	$ 479

The decrease in the cost of property and equipment during 2008 was primarily related to write-offs of assets no longer in use. Depreciation and amortization expense for property and equipment was $176, $2,944 and $6,273, for the years ended December 31, 2008, 2007 and 2006, respectively.

3. Leases

Operating Leases

Total rent expense under all operating leases for 2008, 2007 and 2006 was approximately $744, $1,350 and $1,281, respectively. There are no future minimum rental payments as of December 31, 2008, as the Company is on a month-to-month payment schedule for its facility in Branford, Connecticut.

4. Major Collaborators and Geographical Information

The Company has entered into certain agreements with collaborators to provide products or services. There are no long-lived assets in countries other than the United States. Revenues from collaborators representing 10% or more of the Company's total collaboration revenues are as follows:

	Year Ended December 31,					
	2008		2007		2006	
	$	%	$	%	$	%
Company A	$ 1,174	100%	$ 88	100%	*	*
Company B	—	—	—	—	$ 2,110	92%

* less than 10%

Revenue by country, based on the location of each of the collaborators is as follows:

	Year Ended December 31,		
	2008	2007	2006
United States	$ —	$ —	$ 173
Europe	1,174	88	2,125
Total	$ 1,174	$ 88	$ 2,298

5. Stockholders' Equity

Authorized Capital Stock

The Company's authorized capital stock consists of 250,000,000 shares of Common Stock, par value of $.01 per share ("Common Stock"), 5,000,000 shares of Preferred Stock, par value of $.01 per share and 3,000,000 shares of Non-Voting Common Stock. At December 31, 2008, the Company had reserved 1,958,207 shares of Common Stock for issuance pursuant to the 4% convertible subordinated notes due in 2011 (see Note 7). In addition, as of December 31, 2008, 6,892,626 and 5,875,000 shares of Common Stock had been reserved for issuance pursuant to the 1997 Stock and the 2007 Stock Plan, respectively.

Stockholder Rights Plan

In March 2002, the Board of Directors of the Company adopted a stockholder rights plan and declared a dividend distribution of one preferred share purchase right for each outstanding share of the Company's Common Stock. Each right entitles registered holders of the Company's Common Stock to purchase one one-hundredth of a share of a new series of junior participating Preferred Stock, designated as "Series A Junior Participating Preferred Stock." The rights generally will be exercisable only if a person (which term includes an entity or group) (i) acquires 20 percent or more of the Company's Common Stock or (ii) announces a tender offer, the consummation of which would result in ownership by that person, entity or group of 20 percent or more of the common stock. Once exercisable, the stockholder rights plan allows the Company's stockholders (other than the acquiror) to purchase Common Stock of the Company or of the acquiror at a substantial discount.

Stock Options

1993 Stock Plan

The Company's 1993 Stock Plan was adopted by its Board of Directors and stockholders in December 1993 and subsequently amended by the Board of Directors in May 1997. The 1993 Stock Plan provided for the issuance of stock options and stock awards to officers, directors, advisors, employees, and affiliates of CuraGen. Of the 3,000,000 shares of Common Stock which were originally reserved for issuance under the 1993 Stock Plan, no options were outstanding as of December 31, 2008 and 1,576,504 stock options had been exercised under the 1993 Stock Plan as of December 31, 2008. Effective October 1997, upon a resolution by the Board of Directors, the Company will not grant any further options under the 1993 Stock Plan. The total intrinsic value of options exercised under the 1993 Stock Plan during the year ended December 31, 2006 was $258. There were no options exercised under the 1993 Stock Plan during the year ended December 31, 2008 or 2007. There were no options outstanding as of December 31, 2008 and 2007.

1997 Stock Plan

The Company's 1997 Stock Plan was approved by its Board of Directors in October 1997 and by its stockholders in January 1998. The 1997 Stock Plan provides for the issuance of stock options and stock grants ("Stock Rights") to employees, directors and consultants of the Company. A total of 3,000,000 shares of Common Stock were originally reserved for issuance under the 1997 Stock Plan; in May 1999, upon approval of the stockholders, the amount reserved was increased to 7,000,000; and, in May 2003, upon approval of the stockholders, the amount reserved was increased to 10,500,000. The 1997 Stock Plan is administered by the Compensation Committee of the Board of Directors of the Company ("the Compensation Committee"). The Compensation Committee has the authority to administer the provisions of the 1997 Stock Plan and to determine the persons to whom Stock Rights will be granted, the number of shares to be covered by each Stock Right and the terms and conditions upon which a Stock Right may be granted. Effective May 2007, upon a resolution by the Board of

Directors, the Company will not grant any further options under the 1997 Stock Plan. Generally, stock option grants to employees under the 1997 Stock Plan fully vest between four and five years from the grant date. As of December 31, 2008, the Company had 1,757,320 options outstanding under the 1997 Stock Plan and 1,656,262 stock options had been exercised under the 1997 Stock Plan.

A summary of all stock option activity under the 1997 Stock Plan during the years ended December 31, 2006, 2007 and 2008 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding January 1, 2006	5,183,311	11.54	6.02	$ 18
Granted	1,673,070	3.86		
Exercised	(112,649)	3.22		
Canceled or lapsed	(506,108)	14.69		
Outstanding December 31, 2006	6,237,624	9.37	6.32	2,166
Granted	104,080	4.25		
Exercised	(19,400)	3.70		
Canceled or lapsed	(2,625,385)	13.67		
Outstanding December 31, 2007	3,696,919	6.21	5.67	—
Granted	—			
Exercised	—			
Canceled or lapsed	(1,939,599)	5.93		
Outstanding December 31, 2008	1,757,320	6.51	4.85	—
Exercisable December 31, 2006	3,559,479	12.53	4.78	900
Exercisable December 31, 2007	2,605,910	6.84	4.81	—
Exercisable December 31, 2008	1,506,740	6.87	4.54	—
Shares Expected to Vest December 31, 2008	194,090	4.28	5.80	—

The total intrinsic value of options exercised under the 1997 Stock Plan during the years ended December 31, 2008, 2007 and 2006 were $0, $10 and $51, respectively.

The following table presents weighted average price information about significant option groups under the 1997 Stock Plan exercisable at December 31, 2008:

Range of Exercise Prices	Number of Options Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 0- 3.88	503,703	5.96	$ 3.41
3.94- 4.80	441,747	5.07	4.44
5.09- 6.00	306,258	4.34	5.65
8.48- 8.71	107,290	3.89	8.66
15.83-16.75	47,875	2.22	16.30
24.94-31.66	78,000	1.12	27.25
41.13-53.03	21,867	0.59	50.36
	1,506,740		

2007 Stock Plan

The 2007 Stock Plan was approved by the Company's stockholders as of May 2, 2007. The 2007 Stock Plan provides for the issuance of stock options and stock grants to employees, directors and consultants of the Company. A total of 3,000,000 shares of common stock were originally reserved for issuance under the 2007 Stock Plan; in May 2008, upon approval of the stockholders, the amount reserved was increased to 6,000,000 shares. The 2007 Stock Plan is administered by the Compensation Committee. The Compensation Committee has the authority to administer the provisions of the 2007 Stock Plan and to determine the persons to whom Stock Rights will be granted, the number of shares to be covered by each Stock Right and the terms and conditions upon which a Stock Right may be granted. Stock option grants to employees under the 2007 Stock Plan generally fully vest in four years. Of the 6,000,000 shares of Common Stock which are reserved for issuance under the 2007 Stock Plan, 1,953,240 options are outstanding under the 2007 Stock Plan and an additional 3,921,760 available for grant. As of December 31, 2008, no stock options had been exercised under the 2007 Stock Plan.

A summary of all stock option activity under the 2007 Stock Plan during the years ended December 31, 2007 and 2008 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding May 2, 2007	—			
Granted	724,556	$ 1.59		
Canceled or lapsed	(7,008)	1.97		
Outstanding December 31, 2007	717,548	1.59	9.45	—
Granted	1,594,400	0.72		
Canceled or lapsed	(358,708)	0.81	—	—
Outstanding December 31, 2008	1,953,240	1.02	8.94	—
Exercisable December 31, 2007	107,500	2.73	7.94	—
Exercisable December 31, 2008	468,765	1.45	8.84	—
Shares Expected to Vest December 31, 2008	1,400,528	0.85	8.97	—

There were no options exercised under the 2007 Stock Plan during the years ended December 31, 2007 or 2008.

The following table presents weighted average price information about significant option groups under the 2007 Stock Plan exercisable at December 31, 2008:

Range of Exercise Prices	Number of Options Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 0-0.69	92,500	9.07	$ 0.69
0.70-1.09	92,500	9.39	1.09
1.10-1.34	165,625	8.74	1.34
1.35-1.67	28,140	8.55	1.67
1.68-2.73	90,000	8.34	2.73
	468,765		

Restricted Stock

1997 Stock Plan

From time to time, the Compensation Committee approves grants for shares of restricted stock. Pursuant to the provisions of the 1997 Stock Plan and 2007 Stock Plan, the purchase price of the restricted stock is equal to the par value of the Company's Common Stock, and each grant of restricted stock is subject to certain repurchase rights of the Company. All repurchased shares are immediately retired upon resolutions by the Board of Directors.

A summary of all restricted stock activity under the 1997 Stock Plan during the years ended December 31, 2006, 2007 and 2008 is as follows:

	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding January 1, 2006	1,043,320	$ 4.63
Granted	455,000	4.13
Restrictions lapsed	(460,070)	5.31
Repurchased upon employee termination	(31,625)	5.03
Outstanding December 31, 2006	1,006,625	4.08
Granted	487,020	4.39
Restrictions lapsed	(760,395)	4.09
Repurchased upon employee termination	(42,230)	4.51
Outstanding December 31, 2007	691,020	4.25
Restrictions lapsed	(326,840)	4.33
Repurchased upon employee termination	(228,485)	4.54
Outstanding December 31, 2008	135,695	3.59

The total fair value of restricted shares vested under the 1997 Stock Plan during the years ended December 31, 2008, 2007 and 2006 was $150, $700 and $1,823, respectively.

As of December 31, 2008, of the 135,695 outstanding shares of restricted stock, 75,000 shares were issued in 2006 and will fully vest on the third anniversary of each grant date. The remaining 60,695 outstanding shares of restricted stock which were issued in 2007 will fully vest on the second anniversary of each grant date.

2007 Stock Plan

A summary of all restricted stock activity under the 2007 Stock Plan during the years ended December 31, 2007 and 2008 is as follows:

	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding May 2, 2007	—	—
Granted	1,050,000	$ 1.28
Outstanding December 31, 2007	1,050,000	1.28
Granted	50,000	0.68
Restrictions lapsed	(37,500)	1.66
Repurchased upon employee termination	(975,000)	1.25
Outstanding December 31, 2008	87,500	1.10

The total fair value of restricted shares vested under the 2007 Stock Plan during the year ended December 31, 2008 was $17.

On May 25, 2007, the Compensation Committee of the Company approved the issuance of an aggregate of 975,000 shares of restricted common stock to five executive officers, which would have vested and become free from forfeiture on December 31, 2008, if the closing price of the common stock on the Nasdaq Global Market had equaled or exceeded $5.00 per share over a period of 20 consecutive trading days for any period ending on or before December 31, 2008 and if each executive was an employee of the Company as of December 31, 2008. Pursuant to SFAS 123R, these restricted stock awards were deemed to contain a market condition which is reflected in the grant-date fair value of the awards, based on a valuation technique which considered all the possible outcomes of such market condition. Compensation cost is required to be recognized over the requisite service period for an award with a market condition provided that the requisite service is rendered, regardless of when, if ever, the market condition is satisfied. Due to involuntary terminations during the first quarter of 2008 of three of the five executive officers, 525,000 of the original 975,000 shares were cancelled. The Company reversed previously recognized compensation cost for the 525,000 shares, as the requisite service was not fully rendered. On December 31, 2008, the remaining 450,000 shares were cancelled as the market condition was not met. The Company did not reverse previously recognized compensation cost for the 450,000 shares, as the requisite service was rendered.

As of December 31, 2008, of the 87,500 outstanding shares of restricted stock, 37,500 shares were issued in 2007 and will fully vest on the second anniversary of each grant date. The remaining 50,000 outstanding shares of restricted stock which were issued in 2008 will partially vest on the first, second and third anniversary of each grant date.

6. Income Taxes

The Company provides for income taxes using the asset and liability method. The difference between the income tax (provision) benefit and the amount that would be computed by applying the

statutory Federal income tax rate to income (loss) from continuing operations before income tax (provision) benefit is attributable to the following:

	Year Ended December 31,		
	2008	2007	2006
Income (loss) from continuing operations before income tax benefit	$ 25,103	$ (50,148)	$ (57,540)
Expected tax (provision) benefit at 35%	(8,786)	17,552	20,139
Connecticut taxes, including research and development credits subject to carryforward, net of federal benefit	(936)	622	3,426
Federal research and development credits subject to carryforward	333	1,472	1,458
Decrease (increase) in valuation allowance on deferred tax asset	9,052	(19,327)	(24,284)
Other	15	(134)	(363)
Total income tax (provision) benefit	$ (322)	$ 185	$ 376

During the year ended December 31, 2008, the Company recorded an income tax expense of $515 primarily as a result of Federal Alternative Minimum Tax ("AMT") liability.

The income tax benefits were recorded as a result of Connecticut legislation, which allows companies to obtain cash refunds from the State of Connecticut at a rate of 65% of their annual research and development expense credit, in exchange for forgoing carryforward of the research and development credit. For the years ended December 31, 2008 and 2006, the income tax benefit included an adjustment resulting from the expiration of the State of Connecticut statute, as they relate to the Year 2003 and 2002 income tax benefit, respectively.

Temporary differences and carryforwards that give rise to the deferred income tax assets are as follows:

	December 31,	
	2008	2007
Net deferred income tax assets:		
Net operating loss carryforwards	$ 198,841	$ 209,268
Research and development tax credit carryforwards	30,698	29,492
Stock options and restricted stock	3,361	2,811
Depreciation and amortization	350	367
Accumulated other comprehensive loss (income)	157	(9)
Other	227	586
	$ 233,634	$ 242,515
Valuation allowance	(233,634)	(242,515)
Total	$ —	$ —

As the Company has no prior earnings history, a valuation allowance has been established to fully offset the Company's deferred tax asset since it is more likely than not that the Company will not realize such assets. A tax benefit of approximately $31,068 related to stock options, will be credited to equity when the benefit is realized.

As of December 31, 2008, CuraGen has tax net operating loss carryforwards available to reduce future federal and Connecticut taxable income, research and development tax credit carryforwards

available to offset future federal and Connecticut income taxes. Utilization of the net operating loss and tax credit carryforwards may be limited due to changes to our ownership, as defined within Section 382 of the Internal Revenue Code.

Net Operating Loss Carryforwards

Federal	Expire In	Connecticut	Expire In
$ 506,317	2009 to 2028	$ 443,687	2021 to 2028

Research and Development Tax Credit Carryforwards

Federal	Expire In	Connecticut	Expire In
$ 20,653	2009 to 2028	$ 14,573	2014 to 2023

In addition, the Company has a Federal AMT tax credit carryforward of $515 which does not expire.

7. Convertible Subordinated Debt

4% Convertible Subordinated Notes Due 2011

In 2004, the Company completed an offering of $110,000 of 4% convertible subordinated notes due February 15, 2011 and received net proceeds of approximately $106,200. During 2007, the Company repurchased a total of $40,110 of its 4% convertible subordinated debentures due February 2011, for total consideration of $31,024, plus accrued interest of $365 to the date of repurchase. As a result of the transaction, in 2007 the Company recorded a gain of $8,442 classified as Gain on extinguishment of debt on the consolidated statements of operations, which is net of the effect of the write-off of the ratable portion of unamortized deferred financing costs relating to the repurchased debt. During 2008, the Company repurchased a total of $50,923 of its 4% convertible subordinated debentures due February 2011, for total consideration of $43,247, plus accrued interest of $498 at the date of repurchase. As a result of the transaction, in 2008 the Company recorded a gain of $6,991 classified as Gain on extinguishment of debt on the consolidated statements of operations, which is net of the effect of the write-off of the ratable portion of unamortized deferred financing costs relating to the repurchased debt.

The remaining $18,967 of notes may be resold by the initial purchasers to qualified institutional buyers under Rule 144A of the Securities Act and to non-U.S. persons outside the United States under Regulation S under the Securities Act. The notes are convertible by the holders of the notes into the Company's Common Stock at any time prior to the close of business on the maturity date of the notes, unless previously redeemed or repurchased, at a conversion rate of approximately $9.69 per share of Common Stock, or a total of 1,958,207 shares of Common Stock issuable upon conversion of the notes as of December 31, 2008.

In addition, during the period commencing February 18, 2009, to and including February 14, 2010, the Company has the right to redeem the notes at a redemption price equal to 101.143% of the principal amount of the notes plus accrued and unpaid interest, if any, to, but not including, the redemption date; and beginning on February 15, 2010, the Company has the right to redeem the notes at a redemption price equal to 100.571% of the principal amount of the notes plus accrued and unpaid interest, if any, to, but not including, the redemption date. The market value of the notes, based on quoted market prices, was approximately $16,122 as of December 31, 2008.

The Company pays interest in cash on the notes on February 15 and August 15 of each year. Related interest expense for the years ended December 31, 2008, 2007 and 2006 was $1,480, $4,200 and $4,400, respectively.

8. Investments

The Company purchases short-term investments and marketable securities consisting of debt securities, which have been designated as "available-for-sale" as required by Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Available-for-sale securities are carried at fair value with the unrealized gains and losses reported in stockholders' equity under the caption Accumulated other comprehensive income (loss). The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Interest on debt securities, amortization of premiums and accretion of discounts is included in interest income. All of the securities in the Company's investment portfolio are priced by the Company's investment manager, an independent third party. On a quarterly basis, the Company obtains a second price for each security to compare to the price obtained from its investment manager. As of December 31, 2008, there were no material variances in the prices obtained from these two sources and as such the Company has used the pricing provided by its investment manager. The cost of securities sold is based on the specific identification method.

At December 31, 2008 the Company had 9.6% of its cash and investment securities in mortgage-backed securities. All of these mortgage-backed securities are sponsored by the United States Federal Government and are rated AAA by Moody's. Additionally, the Company had 9.1% of its cash and investment securities in asset-backed securities at December 31, 2008 which consist of auto, credit card and equipment loans. The mortgage-backed securities had an unrealized gain of $163 as of December 31, 2008. During 2008, the Company recorded impairment losses of $337 on certain asset-backed securities. The Company believes that any other individual unrealized loss as of December 31, 2008 represents only a temporary impairment, and no further adjustment of carrying values is warranted. In January 2009, the Company liquidated all asset-backed securities in its portfolio resulting in an immaterial gain as compared to their book value at December 31, 2008.

The amortized cost, gross unrealized gains and losses and estimated fair value based on published closing prices of securities at December 31, 2008 and 2007, by contractual maturity, are shown below. Contractual maturities of mortgage-backed and asset-backed securities are allocated in the tables based on the expected maturity date.

	December 31, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Due in one year or less	$ 57,646	$ 314	$ 166	$ 57,794
Due in one through three years	10,522	245	—	10,767
Total Available-for sale securities	$ 68,168	$ 559	$ 166	$ 68,561

In September 2007 the Company sold its equity investment in TopoTarget for proceeds of $6,260 and realized a gain of $973. In November 2007, the Company sold one of its investments to partially fund the repurchases of the 4% convertible debentures and realized a loss of $308.

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Due in one year or less	$ 53,072	$ 27	$ 111	$ 52,988
Due in one through three years	30,665	135	74	30,726
Total Available-for sale securities	$ 83,737	$ 162	$ 185	$ 83,714

For the year ended December 31, 2008 the Company realized no gross gains and gross losses of $358 on securities sold or deemed "other than temporary impairment". For the year ended December 31, 2007, the Company realized gross gains of $1,033 and gross losses of $418 on securities sold. For the year ended December 31, 2006, the Company realized no gross gains and gross losses of $288.

The following tables show the gross unrealized losses and fair values of the Company's investments in individual securities that have been in a continuous unrealized loss position deemed to be temporary for less than 12 months, aggregated by contractual maturity:

	December 31, 2008	
	Fair Value	Unrealized Losses
Due in one year or less	$ 4,646	$ 166

	December 31, 2007	
	Fair Value	Unrealized Losses
Due in one year or less	$ 8,054	$ 3

There were no securities that have been in a continuous unrealized loss position deemed to be temporary for more than 12 months at December 31, 2008.

The following table shows the gross unrealized losses and fair values of the Company's investments in individual securities that have been in a continuous unrealized loss position deemed to be temporary for more than 12 months at December 31, 2007, aggregated by contractual maturity:

	December 31, 2007	
	Fair Value	Unrealized Losses
Due in one year or less	$ 27,689	$ 108
Due in one through three years	13,778	74
	$ 41,467	$ 182

On January 1, 2008, the Company adopted SFAS 157. SFAS 157 defines fair value, provides a consistent framework for measuring fair value under Generally Accepted Accounting Principles and expands fair value financial statement disclosure requirements. The valuation techniques defined in SFAS 157 are based on observable and unobservable inputs. Observable inputs reflect readily

obtainable data from independent sources, while unobservable inputs reflect our market assumptions. SFAS 157 classifies these inputs into the following hierarchy:

Level 1 Inputs—Quoted prices for identical instruments in active markets.

Level 2 Inputs—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs—Instruments with primarily unobservable value drivers.

The following table represents the fair value hierarchy for those financial assets measured at fair value on a recurring basis as of December 31, 2008.

Fair Value Measurements on a Recurring Basis as of December 31, 2008

Assets	Level I	Level II	Level III	Total
Cash and cash equivalents	$ 18,517	$ —	$	$ 18,517
Short-term investments	—	30,332	—	30,332
Marketable securities	—	38,229	—	38,229
Total Assets	$ 18,517	$ 68,561	$ —	$ 87,078

Level I securities consist primarily of Money Market accounts. Level II securities primarily consist of investment grade fixed income securities.

The Company's investment portfolio has not been adversely materially impacted by the recent disruption in the credit markets. However, if there is continued and expanded disruption in the credit markets this may have a potential impact on the determination of the fair value of financial instruments. Additionally, there can be no assurance that the Company's investment portfolio will not be adversely affected in the future.

9. Restructuring Charges

During 2007, the Company underwent corporate restructurings to reduce operating costs and to focus resources on the advancement of its therapeutic pipeline through clinical development, resulting in a restructuring charge of $11,274. This amount included an asset impairment charge of $6,322 (associated with the closure of its pilot manufacturing plant, also known as the Biopharmaceutical Sciences Process facility, on July 27, 2007), $4,408 related to employee separation costs paid or payable in cash, $286 of non-cash employee separation costs and $258 of other asset write-offs.

In connection with a reduction in work force of eight employees in December 2008, the Company also recorded a restructuring charge of $529 which consists of employee separation costs, payable in cash during the first half of 2009. The charge has been classified within Other current liabilities.

The following table sets forth the cash payments and balance of the restructuring reserve as of and for the year ended December 31, 2008:

	Reserve at December 31, 2007	Charges in 2008	Cash Payments in 2008	Change in Reserve 2008	Reserve at December 31, 2008
Restructuring—2007	$ 2,791	$ —	$ 2,708	$ (80)	$ 3
Restructuring—2008	—	529	6	—	523
TOTALS	$ 2,791	$ 529	$ 2,714	$ (80)	$ 526

10. TopoTarget A/S Collaboration and License Agreement

On April 21, 2008, the Company entered into a transfer and termination agreement (the "Transfer Agreement") with TopoTarget to transfer CuraGen's ownership and development rights to belinostat, a Phase I/II HDAC Inhibitor, and any other HDAC Inhibitors. There was no book value for belinostat. In consideration for the transfer, the Company received $24,583 in net cash proceeds and 5 million shares of TopoTarget common stock, valued at $11,814 as of the date of the Transfer Agreement based on the closing price of TopoTarget common stock (in DKK on the Copenhagen Exchange) on the date of the sale, April 21, 2008, multiplied by the exchange rate for the same date. In addition, the Company is eligible to receive $6,000 in potential payments on future net sales and sublicenses of belinostat.

On June 3, 2008, the Company sold the 5 million shares of TopoTarget common stock for cash proceeds of $11,799. Additionally in June 2008, the Company recorded a $36,397 gain on sale of intangible asset, consisting of net cash proceeds of $24,583 and the fair value of 5 million shares of TopoTarget stock of $11,814 on the closing date, April 21, 2008.

Under the Transfer Agreement, the Company assigned certain patents and granted a perpetual irrevocable license to the development and commercialization of the HDAC Inhibitors to TopoTarget and agreed for a period not to compete with TopoTarget in the HDAC Inhibitor market. The Transfer Agreement contains customary representations and warranties, indemnification obligations of the parties and a mutual release from most claims under the License Agreement (as defined below). The Transfer Agreement terminates the License and Collaboration Agreement between TopoTarget and CuraGen dated as of June 3, 2004 (the "License Agreement") with the exception of provisions preserving certain of the parties' rights, including confidentiality and indemnification under the License Agreement. CuraGen will no longer have funding requirements for belinostat as TopoTarget immediately assumed financial and operational responsibility for the ongoing clinical development at the time of signing the Transfer Agreement.

In connection with the Transfer Agreement, the Company and TopoTarget also entered into a Transition Services Agreement dated April 21, 2008 (the "TSA"), pursuant to which, for fees payable by TopoTarget, CuraGen provided certain regulatory and administrative services to TopoTarget. All services under the TSA terminated as of December 31, 2008.

11. Seattle Genetics, Inc. Collaboration Agreement

In June 2004, the Company and Seattle Genetics, Inc. ("Seattle Genetics") entered into a collaboration agreement to license Seattle Genetics' proprietary antibody-drug conjugate ("ADC") technology for use with the Company's proprietary antibodies for the potential treatment of cancer. The Company paid an upfront fee of $2,000 for access to the ADC technology for use in one of its proprietary antibody programs. In February 2005, the Company also exercised its option to access Seattle Genetics' ADC technology for use with a second antibody program in exchange for a $1,000 payment. In June 2006, the Company paid a milestone payment for the enrollment of the first patient in the first Phase I clinical trial of CR011-vcMMAE for the treatment of metastatic melanoma. In April 2008, the Company paid a milestone payment for the initiation of a Phase II clinical trial of CR011-vcMMAE. All payments discussed above were fully expensed at the time of payment, pursuant to the Company's accounting policy for such fees.

The Company is responsible for research, product development, manufacturing and commercialization of all products under the collaboration, and will pay maintenance and material supply fees as well as research support payments for any assistance provided by Seattle Genetics in developing ADC products.

12. 454 Life Sciences/Roche Holdings, Inc. Merger

On March 28, 2007, 454 entered into the Merger Agreement with Roche Holdings, Inc. and 13 Acquisitions, Inc., an indirect wholly-owned subsidiary of Roche Holdings, Inc. Roche Holdings, Inc. subsequently assigned the Merger Agreement to its affiliate RDO. Roche Holdings, Inc. and RDO are affiliates of Roche, a global research-based healthcare company. Under the Merger Agreement, 13 Acquisitions, Inc. was merged with and into 454 (the "Merger"), with 454 continuing after the Merger as the surviving corporation and an indirect wholly-owned subsidiary of Roche Holdings, Inc.

Under the terms of the Merger Agreement, upon the closing of the sale of 454 to RDO on May 25, 2007, the purchase price before transaction costs was $152,019, of which RDO paid $140,000 in cash and $12,019 was received from the exercise of 454 stock options following the signing of the Merger Agreement and prior to the closing of the sale. Of the $140,000 received from RDO, $25,000 was placed in escrow for a period of 15 months, or until August 25, 2008, to provide for certain post-closing adjustments based on 454's net working capital and net debt on May 25, 2007, and to secure the indemnification rights of RDO and its affiliates. The Company's portion of the purchase price after transaction costs, including the net working capital and net debt adjustment and the amount from the escrow, was $82,023. On August 25, 2008, the time period for submission of claims against the escrow expired and as such, $14,677 was released to the Company by the escrow agent.

13. Discontinued Operations

The sale of 454 on May 25, 2007 has been accounted for in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", ("SFAS 144"), and 454's operating results are reported as a discontinued operation for the period January 1, 2007 to May 25, 2007 and the year ended December 31, 2006.

The following table summarizes the financial information for the discontinued operations of 454 for the period January 1, 2007 to May 25, 2007 and the year ended December 31, 2006:

	January 1 to May 25, 2007	Year ended December 31, 2006
Revenue:		
Product revenue	$ 14,210	$ 19,417
Sequencing service revenue	3,825	10,025
Collaboration revenue	1,350	1,500
Grant revenue	444	2,296
Milestone revenue	3,707	4,050
Total revenue	$ 23,536	$ 37,288
Operating Expenses:		
Cost of product revenue	$ 9,015	$ 11,586
Cost of sequencing service revenue	2,407	4,334
Grant research expenses	425	2,095
Research and development expenses	7,908	14,535
General and administrative expenses	7,075	8,810
Total operating expenses	$ 26,830	$ 41,360
Loss from discontinued operations before minority interest	$ (3,053)	$ (3,655)
Minority interest in loss of discontinued consolidated subsidiary	62	980
Gain on sale of subsidiary	78,352	—
Income (loss) from discontinued operations	$ 75,361	$ (2,675)

14. Accounting for Uncertainty in Income Taxes

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109 "Accounting for Income Taxes." This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting for taxes in interim periods and disclosure requirements. The provisions of FIN 48 are to be applied to all tax positions upon initial adoption of this standard. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of FIN 48. Unrecognized tax benefits are tax benefits claimed in our tax returns that do not meet these recognition and measurement standards. The cumulative effect of applying the provisions of FIN 48 should be reported as an adjustment to the opening balance of retained earnings for that fiscal year. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. For the Company, this interpretation was effective beginning January 1, 2007.

As a result of the implementation of FIN 48, the Company recorded no adjustments in its unrecognized income tax benefits. The following table depicts the components of the Company's unrecognized income tax benefits as of December 31, 2008.

Liability for Unrecognized Tax Benefits	
Unrecognized tax benefits, January 1, 2008	$ 907
Gross increases—tax positions in prior periods	13
Lapse of statute of limitations	(95)
Unrecognized tax benefits, December 31, 2008	$ 825

If recognized, all of the unrecognized tax benefits would be recorded as a benefit to income tax expense on the consolidated statements of operations. To the extent penalties and interest would be assessed on any underpayment of income tax, the Company's policy is that such amounts would be accrued and classified as a component of income tax expense in the financial statements. To date the Company has not accrued any interest or penalties as they would be immaterial.

As a result of net operating loss carryforwards, the Company's federal tax returns since 1993 remain open to examination with no years currently under examination by the Internal Revenue Service, and the Company's Connecticut tax returns remain open to examination for all years since 2000 with no years currently under examination by the Department of Revenue Services.

15. Income (Loss) Per Share from Continuing Operations

Basic income (loss) per share from continuing operations is computed by dividing income (loss) from continuing operations by the weighted average number of shares of common stock outstanding for the period, excluding unvested restricted stock. Diluted income (loss) per share from continuing operations reflects the potential dilution that could occur if options or other contracts to issue common stock were exercised or converted into common stock. Potential common shares consist of unvested restricted stock (using the treasury stock method) and the conversion of the Company's convertible subordinated debt. Due to the Company's loss from continuing operations during the years ended December 31, 2007 and 2006, no calculation of diluted income (loss) per share was necessary for those periods as all potential shares would have been antidilutive. The following table sets forth the

computation of basic and diluted net income from continuing operations per share for the year ended December 31, 2008 (in thousands, except share and per share amounts):

	Year Ended December 31, 2008
Basic:	
Numerator:	
Income from continuing operations	$ 24,781
Denominator:	
Weighted average common shares	56,737,976
Income from continuing operations per share—basic	$ 0.44
Diluted:	
Numerator:	
Income from continuing operations	$ 24,781
Interest expense	1,648
Income for diluted calculation	$ 26,429
Denominator:	
Denominator for basic calculation	56,737,976
Weighted average effect of dilutive securities:	
Restricted stock awards	18,576
Convertible subordinated notes	3,885,935
Denominator for diluted calculation	60,642,487
Income from continuing operations per share—diluted	$ 0.44

16. Summary of Selected Quarterly Financial Data (Unaudited)

	Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
2008:				
Total revenue	$ 22	$ 1,152	$ —	$ —
Total operating expenses	7,086	5,078	4,529	4,063
(Loss) income from continuing operations	(6,773)	39,258	(3,982)	(3,722)
Net (loss) income(1)	(6,773)	39,258	(3,982)	(3,722)
Basic net (loss) income per share	$ (0.12)	$ 0.69	$ (0.07)	$ (0.07)
Diluted net (loss) income per share	$ (0.12)	$ 0.65	$ (0.07)	$ (0.07)
2007:				
Total revenue	$ 22	$ 22	$ 22	$ 22
Total operating expenses	15,515	21,432	11,699	11,062
Loss from continuing operations	(15,908)	(21,585)	(9,897)	(2,572)
Net (loss) income(2)	(17,047)	54,913	(9,897)	(2,571)
Basic and diluted net (loss) income per share	$ (0.31)	$ 0.98	$ (0.18)	$ (0.04)

(1) The Company recorded a gain on sale of intangible asset of $36,397 as a result of the sale of belinostat to TopoTarget in April 2008.

(2) During May 2007, the sale of 454 to RDO closed and as a result the Company recognized a gain on the sale of its ownership in 454 of $78,352.

The sale of 454 on May 25, 2007 has been accounted for in accordance with SFAS 144. In addition, 454's operating results are reported as a discontinued operation for the year ended December 31, 2006, and for the period January 1, 2007 to May 25, 2007.

17. Subsequent Event—Extinguishment of Debt

During February 2009, the Company repurchased $4,825 of its 4% convertible subordinated debentures due February 2011, for total consideration of $3,812, plus accrued interest of $90 at the date of repurchase. As a result of the transaction, in the first quarter of 2009 the Company will record a gain of $962 which is net of the write-off of the ratable portion of unamortized deferred financing costs relating to the repurchased debt.

QuickLinks

Exhibit 99.2

CURAGEN CORPORATION
CONDENSED BALANCE SHEETS
(in thousands, except par value and share data)
(unaudited)

	March 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 45,631	$ 19,103
Short-term investments	18,045	30,332
Marketable securities	16,116	38,229
Cash and investments	79,792	87,664
Other current assets	478	494
Total current assets	80,270	88,158
Property and equipment, net	80	102
Other assets, net	218	286
Total assets	$ 80,568	$ 88,546
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 348	$ 239
Accrued expenses	1,265	1,610
Accrued payroll and related items	298	660
Interest payable	38	253
Other current liabilities	168	1,352
Total current liabilities	2,117	4,114
Convertible subordinated debt	14,142	18,967
Commitments and contingencies		
Stockholders' equity:		
Common Stock; $.01 par value, issued and outstanding 57,190,239 shares at March 31, 2009 and 57,118,186 shares at December 31, 2008	572	571
Additional paid-in capital	527,707	527,294
Accumulated other comprehensive income	360	393
Accumulated deficit	(464,330)	(462,793)
Total stockholders' equity	64,309	65,465
Total liabilities and stockholders' equity	$ 80,568	$ 88,546

See accompanying notes to condensed financial statements

CURAGEN CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2009	2008
Collaboration revenue	$ —	$ 22
Operating expenses:		
Research and development expenses	1,682	5,371
General and administrative expenses	1,906	1,715
Total operating expenses	3,588	7,086
Loss from operations	(3,588)	(7,064)
Interest income	454	1,074
Interest expense	(175)	(797)
Realized gain (loss) on sale of available-for-sale investments, net	84	(4)
Gain on extinguishment of debt	962	—
Loss before income tax benefit	(2,263)	(6,791)
Income tax benefit	726	18
Net loss	$ (1,537)	$ (6,773)
Basic and diluted net loss per share	$ (0.03)	$ (0.12)
Weighted average number of shares used in computing basic and diluted net loss per share	56,967	56,520

See accompanying notes to condensed financial statements

CURAGEN CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net loss	$ (1,537)	$ (6,773)
Adjustments to reconcile net loss to net cash used in operating activities:		
Deferred revenue	—	(22)
Depreciation and amortization	39	276
Stock-based compensation	400	617
Stock-based 401(k) plan employer match	14	83
Non-cash interest income	(61)	45
Non-cash interest income—Restricted cash	—	(138)
Realized (gain) loss on available for sale investments	(84)	4
Gain on extinguishment of debt	(962)	—
Changes in assets and liabilities:		
Accrued interest receivable	195	197
Other current assets	17	198
Other assets	—	19
Accounts payable	109	(105)
Accrued expenses	(346)	1,797
Accrued payroll and related items	(362)	(1,181)
Interest payable	(215)	(699)
Other current liabilities	(1,185)	(2,198)
Net cash used in operating activities	(3,978)	(7,880)
Cash flows from investing activities:		
Purchases of short-term investments	—	(981)
Proceeds from sales of short-term investments	3,250	3,397
Proceeds from maturities of short-term investments	9,000	7,000
Proceeds from sales of marketable securities	13,563	1,618
Proceeds from maturities of marketable securities	8,505	9,000
Net cash provided by investing activities	34,318	20,034
Cash flows from financing activities:		
Payment for extinguishment of debt	(3,812)	—
Net cash used in financing activities	(3,812)	—
Net increase in cash and cash equivalents	26,528	12,154
Cash and cash equivalents, beginning of period	19,103	16,730
Cash and cash equivalents, end of period	$ 45,631	$ 28,884
Supplemental cash flow information:		
Interest paid	$ 372	$ 1,398
Income tax benefit payments received	$ 214	$ —

See accompanying notes to condensed financial statements

CURAGEN CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Business Overview

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of our management, the accompanying unaudited condensed financial statements include all adjustments, consisting of normal recurring accruals, necessary to present fairly our financial position, results of operations and cash flows. Interim results are not necessarily indicative of the results that may be expected for the entire year.

The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008. All dollar amounts herein are shown in thousands, except par value and per share data.

In February 2009, we announced our plan to undertake a review of strategic alternatives that could enhance shareholder value. These alternatives range from selling or licensing CR011, to acquiring additional assets or business lines, to selling the Company. There is no assurance that this process will result in any changes to our current business plan or lead to any specific action or transaction.

2. Stock-Based Compensation

During the three months ended March 31, 2009 and 2008, the Company recognized compensation expense in total operating expenses on the condensed statements of operations with respect to employee stock options and restricted stock grants as follows:

	Three Months Ended March 31,	
	2009	2008
Compensation expense with respect to employee stock options	$ 266	$ 275
Compensation expense with respect to restricted stock grants	$ 133	$ 348

The fair value of options granted during the three months ended March 31, 2009 and 2008 were estimated as of the grant date using the Black-Scholes option valuation model with the following assumptions:

	Three Months Ended March 31,	
	2009	2008
Expected stock price volatility	71%	68%
Risk-free interest rate	3.14%	4.48%
Expected option term in years	6.25	6.25
Expected dividend yield	0%	0%

The approximate weighted-average grant date fair values using the Black-Scholes option valuation model of all stock options granted during the three months ended March 31, 2009 and 2008 were as follows:

Three Months Ended March 31,	
2009	2008
$ 0.44	$ 0.45

The 2007 Stock Incentive Plan ("2007 Stock Plan") was approved by the Company's stockholders as of May 2, 2007. The 2007 Stock Plan provides for the issuance of stock options and stock grants to employees, directors and consultants of CuraGen. A total of 3,000,000 shares of common stock were originally reserved for issuance under the 2007 Stock Plan. In May 2008, upon approval of the Company's stockholders, the amount reserved under the 2007 Stock Plan was increased to 6,000,000.

A summary of the stock option activity under the 2007 Stock Plan, as of March 31, 2009, and changes during the three months ended March 31, 2009, are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding January 1, 2009	1,953,240	$ 1.02	8.94	$ —
Granted	1,893,725	0.67	—	438
Exercised	—			
Canceled or lapsed	(207,500)	0.68	—	45
Outstanding March 31, 2009	3,639,465	0.86	9.17	636
Exercisable March 31, 2009	963,005	1.06	8.64	138

A summary of the stock option activity under the 1997 Employee, Director and Consultant Stock Plan ("1997 Stock Plan") as of March 31, 2009, and changes during the three months ended March 31, 2009, are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding January 1, 2009	1,757,320	$ 6.51	4.85	—
Granted	—			
Exercised	—			
Canceled or lapsed	(233,972)	11.87	—	—
Outstanding March 31, 2009	1,523,348	5.68	5.12	—
Exercisable March 31, 2009	1,354,495	5.90	4.94	—

As of March 31, 2009 there was $1,562 of total unrecognized compensation expense related to unvested stock option grants under the 1997 Stock Plan and 2007 Stock Plan, and this expense is expected to be recognized over a weighted-average period of 1.28 years.

A summary of restricted stock activity under the 2007 Stock Plan as of March 31, 2009, and changes during the three months ended March 31, 2009, are as follows:

	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding January 1, 2009	87,500	$ 1.10
Granted	50,000	0.88
Restrictions lapsed	(62,500)	0.84
Outstanding March 31, 2009	75,000	1.17

The total intrinsic value of restricted shares vested under the 2007 Stock Plan during the three months ended March 31, 2009 was $56. There were no restricted shares vested under the 2007 Stock Plan during the three months ended March 31, 2008.

A summary of all restricted stock activity under the 1997 Stock Plan as of March 31, 2009, and changes during the three months ended March 31, 2009, are as follows:

	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding January 1, 2009	135,695	$ 3.59
Granted	—	—
Restrictions lapsed	(60,695)	4.39
Outstanding March 31, 2009	75,000	2.95

The total intrinsic value of restricted shares vested under the 1997 Stock Plan during the three months ended March 31, 2009 and 2008 was $55 and $220, respectively.

As of March 31, 2009, there was $112 of total unrecognized compensation expense related to unvested restricted stock grants under the 1997 Stock Plan and 2007 Stock Plan, and this expense is expected to be recognized over a weighted-average period of 0.74 years.

3. Restructuring Charges

During 2007, the Company underwent corporate restructurings to reduce operating costs and to focus resources on the advancement of its therapeutic pipeline through clinical development, resulting in a restructuring charge of $11,274. This amount included an asset impairment charge of $6,322 (associated with the closure of its pilot manufacturing plant, also known as the Biopharmaceutical Sciences Process facility, on July 27, 2007), $4,408 related to employee separation costs paid or payable in cash, $286 of non-cash employee separation costs and $258 of other asset write-offs.

During 2008, in connection with a reduction in work force of eight employees in December 2008, the Company also recorded a restructuring charge of $529 which consisted of employee separation costs, payable in cash during the first half of 2009. The charge has been classified within other current liabilities.

The following table sets forth the cash payments and balance of the restructuring reserve as of and for the three months ended March 31, 2009:

	Reserve at December 31, 2008	Cash Payments in 2009	Reserve at March 31, 2009
Restructuring—2007	$ 3	$ 3	$ —
Restructuring—2008	523	495	28
TOTALS	$ 526	$ 498	$ 28

4. Investments

The accumulated balance of other comprehensive income is disclosed as a separate component of stockholders' equity and consists of unrealized gains and losses on short-term investments and marketable securities. Total comprehensive loss is as follows:

	Three Months Ended March 31,	
	2009	2008
Net loss	$ (1,537)	$ (6,773)
Other comprehensive loss:		
Unrealized (losses) gains on securities:		
Unrealized (losses) gains arising during period	(117)	435
Reclassification adjustment for gains (losses) included in net loss	84	(4)
Net unrealized (loss) gain on securities	(33)	431
Total comprehensive loss	$ (1,570)	$ (6,342)

The Company reviews its investment portfolio on a regular basis to determine if there is an impairment that is other than temporary. As of March 31, 2009, there were no investments with unrealized losses. During the first quarter of 2009, the Company sold all of the asset-backed securities and corporate and municipal bonds in its investment portfolio and recognized a net gain of $84 on these sales.

All of the securities in the Company's investment portfolio are priced by the Company's investment manager. On a quarterly basis, the Company obtains a second price for each security to compare to the price obtained from the Company's investment manager. As of March 31, 2009, there were no material variances in the prices obtained from these two sources and as such the Company has used the pricing provided by the Company's investment manager.

On January 1, 2008, the Company adopted Statement of Financial Accounting Standards 157, "*Fair Value Measurements*" ("SFAS 157"). SFAS 157 defines fair value, provides a consistent framework for measuring fair value under Generally Accepted Accounting Principles and expands fair value financial statement disclosure requirements. The valuation techniques defined in SFAS 157 are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. SFAS 157 classifies these inputs into the following hierarchy:

Level 1 Inputs—Quoted prices for identical instruments in active markets.

Level 2 Inputs—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs—Instruments with primarily unobservable value drivers.

The following table represents the fair value hierarchy for those financial assets measured at fair value on a recurring basis as of March 31, 2009.

Fair Value Measurements on a Recurring Basis as of March 31, 2009

Assets	Level I	Level II	Level III	Total
Cash equivalents	$ 45,220	$ —	$ —	$ 45,220
Short-term investments	—	18,045	—	18,045
Marketable securities	4,076	12,040	—	16,116
Total Investments	$ 49,296	$ 30,085	$ —	$ 79,381

Level I securities consist primarily of Money Market accounts and a single U.S. Treasury Note. Level II securities primarily consist of agency and agency sponsored mortgage backed securities.

5. Extinguishment of Debt

During February 2009, the Company repurchased $4,825 of its 4% convertible subordinated debentures due February 2011, for total consideration of $3,812, plus accrued interest of $90 at the date of repurchase. As a result of the transaction, in the first quarter of 2009 the Company recorded a gain of $962 which is net of the write-off of the ratable portion of unamortized deferred financing costs relating to the repurchased debt.

6. Loss Per Share

Basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period, excluding unvested restricted stock. Diluted loss per share reflects the potential dilution that could occur if options or other contracts to issue common stock were exercised or converted into common stock. Convertible subordinated debt, stock options granted but not yet exercised under CuraGen's stock option plans and unvested restricted stock are anti-dilutive and therefore not considered for the diluted loss per share calculations. Anti-dilutive potential common shares, consisting of convertible subordinated debt, outstanding stock options and unvested restricted stock were 6,772,874 and 13,705,988 as of March 31, 2009 and 2008, respectively.

7. Recently Enacted Pronouncements

In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position 157-2, "*Effective Date of FASB Statement 157*", ("FSP FAS 157-2"). FSP FAS 157-2 deferred the effective date of FAS 157 for non-financial assets and liabilities that are not on a recurring basis recognized or disclosed at fair value in the financial statements, to fiscal years and interim periods beginning after November 15, 2008. The Company adopted FSP FAS 157-2 on January 1, 2009 and the adoption did not have any impact on its financial statements.

In June 2008, the FASB issued FASB Staff Position EITF 03-6-1, "*Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*", ("FSP EITF 03-6-1"). The FSP affects entities that accrue cash dividends on share-based payment awards during the awards' service period when the dividends do not need to be returned if the employees forfeit the awards. Retroactive adjustment of all prior-period earnings per share computations is necessary to reflect the provisions of this FSP, which is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of FSP EITF 03-6-1 did not have a material effect on the Company's financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "*Interim Disclosures about Fair Value of Financial Instruments*", ("FSP FAS 107-1 and APB28-1") which amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments* , to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting* , to require those disclosures in summarized financial information at interim reporting periods. This FSP shall be effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company does not believe the adoption of FSP FAS 107-1 and APB 28-1 will have a material impact on its financial statements.

In April 2009, the FASB issued FSP FAS 157-4, "*Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*", ("FSP FAS 157-4") which provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, *Fair Value Measurements* , when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP shall be effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. The Company does not believe the adoption of FSP FAS 157-4 will have a material impact on its financial statements.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "*Recognition and Presentation of Other-Than-Temporary Impairments*", ("FSP FAS 115-2 and FAS 124-2") which amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009 is not permitted. The Company does not believe the adoption of FSP FAS 115-2 and FAS 124-2 will have a material impact on its financial statements.

QuickLinks

Exhibit 99.3

CURAGEN CORPORATION
CONDENSED BALANCE SHEETS
(in thousands, except par value and share data)
(unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 56,738	$ 19,103
Short-term investments	6,016	30,332
Marketable securities	13,286	38,229
Cash and investments	76,040	87,664
Income taxes receivable	122	283
Other current assets	446	211
Total current assets	76,608	88,158
Property and equipment, net	58	102
Other assets, net	200	286
Total assets	$ 76,866	$ 88,546
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 189	$ 239
Accrued expenses	1,947	1,610
Accrued payroll and related items	400	660
Interest payable	180	253
Other current liabilities	139	1,352
Total current liabilities	2,855	4,114
Convertible subordinated debt	14,142	18,967
Commitments and contingencies		
Stockholders' equity:		
Common Stock; $.01 par value, issued and outstanding 57,205,231 shares at June 30, 2009, and 57,118,186 shares at December 31, 2008	572	571
Additional paid-in capital	527,982	527,294
Accumulated other comprehensive income	305	393
Accumulated deficit	(468,990)	(462,793)
Total stockholders' equity	59,869	65,465
Total liabilities and stockholders' equity	$ 76,866	$ 88,546

See accompanying notes to condensed financial statements

CURAGEN CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Collaboration revenue	$ —	$ 1,152	$ —	$ 1,174
Operating expenses:				
Research and development	1,815	3,635	3,497	9,006
General and administrative	2,925	1,443	4,830	3,159
Total operating expenses	4,740	5,078	8,327	12,165
Gain on sale of intangible asset	—	36,397	—	36,397
(Loss) income from operations	(4,740)	32,471	(8,327)	25,406
Interest income, net	224	824	679	1,899
Interest expense	(159)	(451)	(334)	(1,248)
Realized (loss) gain on sale of available-for-sale investments, net	(1)	(165)	83	(169)
Gain on extinguishment of debt	—	6,991	962	6,991
(Loss) income before income taxes	(4,676)	39,670	(6,937)	32,879
Income tax benefit (provision)	16	(412)	740	(394)
Net (loss) income	$ (4,660)	$ 39,258	$ (6,197)	$ 32,485
Basic (loss) income per share	$ (0.08)	$ 0.68	$ (0.11)	$ 0.56
Diluted (loss) income per share	$ (0.08)	$ 0.64	$ (0.11)	$ 0.53
Weighted average number of shares used in computing:				
Basic (loss) income per share	57,051	56,736	57,027	56,629
Diluted (loss) income per share	57,051	61,148	57,027	62,443

See accompanying notes to condensed financial statements

CURAGEN CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net (loss) income	$ (6,197)	$ 32,485
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Deferred revenue	—	(1,174)
Depreciation and amortization	76	290
Stock-based compensation	666	1,102
Stock-based 401(k) plan employer match	16	122
Non-cash interest income	(82)	60
Non-cash interest income—Restricted cash	—	(206)
Realized (gain) loss on available for sale investments	(83)	169
Gain on extinguishment of debt	(962)	(6,991)
Gain on sale of intangible asset	—	(36,397)
Changes in assets and liabilities:		
Accrued interest receivable	296	275
Other current assets	(74)	1,832
Other assets	—	(51)
Accounts payable	(50)	(50)
Accrued expenses	336	91
Accrued payroll and related items	(259)	(1,034)
Interest payable	(73)	(795)
Other current liabilities	(1,213)	(2,833)
Net cash used in operating activities	(7,603)	(13,105)
Cash flows from investing activities:		
Proceeds from sale of fixed assets	2	80
Purchases of short-term investments	—	(9,430)
Proceeds from sales of short-term investments	3,250	6,896
Proceeds from maturities of short-term investments	21,000	7,000
Purchases of marketable securities	(2,030)	—
Proceeds from sales of marketable securities	14,316	15,467
Proceeds from maturities of marketable securities	12,505	14,800
Net proceeds from sale of intangible asset	—	24,583
Net cash provided by investing activities	49,043	59,396
Cash flows from financing activities:		
Proceeds from exercise of stock options	7	—
Payment for extinguishment of debt	(3,812)	(43,247)
Net cash used in financing activities	(3,805)	(43,247)
Net increase in cash and cash equivalents	37,635	3,044
Cash and cash equivalents, beginning of period	19,103	16,730
Cash and cash equivalents, end of period	$ 56,738	$ 19,774
Supplemental cash flow information:		
Interest paid	$ 372	$ 1,896
Income tax benefit payments received	$ 214	$ 247
Supplemental schedule of noncash investing transactions:		
Fair value of marketable security acquired	$ —	$ 11,814

See accompanying notes to condensed financial statements

CURAGEN CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Business Overview

On May 29, 2009, the Company announced that it entered into an Agreement and Plan of Merger dated as of May 28, 2009 (the "Merger Agreement") by and among Celldex Therapeutics, Inc. ("Celldex"), CuraGen Corporation ("CuraGen"), and Cottrell Merger Sub, Inc., a wholly-owned subsidiary of Celldex (the "Merger Sub"). The Merger Agreement has been approved by the Boards of Directors of Celldex and CuraGen and is subject to customary closing conditions, including stockholder approvals. The transaction is expected to be completed in the third quarter of 2009. Please refer to Note 8 for a more detailed description of the proposed merger and the Merger Agreement.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of our management, the accompanying unaudited condensed financial statements include all adjustments, consisting of normal recurring accruals, necessary to present fairly our financial position, results of operations and cash flows. Interim results are not necessarily indicative of the results that may be expected for the entire year.

CuraGen has evaluated all subsequent events through August 5, 2009, the date of filing of this Form 10-Q.

The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008. All dollar amounts herein are shown in thousands, except par value and per share data.

2. Stock-Based Compensation

During the three and six months ended June 30, 2009 and 2008, the Company recognized compensation expense in total operating expenses on the condensed statements of operations with respect to employee stock options and restricted stock grants as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Compensation expense with respect to employee stock options	$ 195	$ 279	$ 461	$ 554
Compensation expense with respect to restricted stock grants	$ 71	$ 207	$ 204	$ 554

The fair value of options granted during the three months ended June 30, 2009 and 2008 were estimated as of the grant date using the Black-Scholes option valuation model with the following assumptions:

	Three Months Ended June 30,	
	2009	2008
Expected stock price volatility	72%	68%
Risk-free interest rate	2.84%	4.14%
Expected option term in years	6.25	6.25
Expected dividend yield	0%	0%

The approximate weighted-average grant date fair values using the Black-Scholes option valuation model of all stock options granted during the three and six months ended June 30, 2009 and 2008 were as follows:

Three Months Ended June 30,	
2009	2008
$ 0.66	$ 0.72

Six Months Ended June 30,	
2009	2008
$ 0.44	$ 0.47

The 2007 Stock Incentive Plan ("2007 Stock Plan") was approved by the Company's stockholders as of May 2, 2007. The 2007 Stock Plan provides for the issuance of stock options and stock grants to employees, directors and consultants of CuraGen. A total of 3,000,000 shares of common stock were originally reserved for issuance under the 2007 Stock Plan. In May 2008, upon approval of the Company's stockholders, the amount reserved under the 2007 stock plan was increased to 6,000,000.

A summary of the stock option activity under the 2007 Stock Plan, as of June 30, 2009, and changes during the three months ended June 30, 2009, are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding April 1, 2009	3,639,465	$ 0.86	9.17	$ 636
Granted	4,167	1.00	—	2
Exercised	(10,000)	0.69	—	7
Outstanding June 30, 2009	3,633,632	0.86	8.94	2,254
Exercisable June 30, 2009	1,055,340	1.06	8.47	529

The total intrinsic value of stock options exercised under the 2007 Stock Plan during the three months ended June 30, 2009 was $7. There were no options exercised under the 2007 Stock Plan during the three months ended June 30, 2008.

A summary of the stock option activity under the 1997 Employee, Director and Consultant Stock Plan ("1997 Stock Plan") as of June 30, 2009, and changes during the three months ended June 30, 2009, are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding April 1, 2009	1,523,348	$ 5.68	5.12	—
Canceled or lapsed	(67,919)	3.85	—	—
Outstanding June 30, 2009	1,455,429	5.77	5.10	—
Exercisable June 30, 2009	1,311,388	5.96	4.98	—

There were no options exercised under the 1997 Stock Plan during the three months ended June 30, 2009 and 2008.

In accordance with the terms of the Merger Agreement with Celldex (see Note 8), all unvested options under the 1997 Stock Plan will immediately vest and become fully exercisable for a specified period of time prior to the consummation of the merger, and will terminate if they are not exercised

during that period. The acceleration of all unvested options under the 1997 Stock Plan is subject to approval by the CuraGen Compensation Committee. As of June 30, 2009, total unrecognized compensation expense related to unvested stock option grants under the 1997 Stock Plan is $250. All options under the 2007 Stock Plan will be assumed by Celldex pursuant to the merger, as further discussed in Note 8 below.

As of June 30, 2009 there was $1,368 of total unrecognized compensation expense related to unvested stock option grants under the 1997 Stock Plan and 2007 Stock Plan, and this expense is expected to be recognized over a weighted-average period of 1.35 years. However, this weighted-average period could be accelerated pursuant to the discussion above regarding the immediate vesting and specified exercise period for unvested options under the 1997 Stock Plan.

A summary of all restricted stock activity under the 2007 Stock Plan as of June 30, 2009, and changes during the three months ended June 30, 2009, are as follows:

	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding April 1, 2009	75,000	$ 1.17
Restrictions lapsed	(37,500)	1.66
Outstanding June 30, 2009	37,500	0.68

The total intrinsic value of restricted shares vested under the 2007 Stock Plan during the three months ended June 30, 2009 and 2008 was $54 and $36, respectively.

There was no restricted stock activity under the 1997 Stock Plan during the three months ended June 30, 2009. As of June 30, 2009, there were 75,000 restricted shares outstanding under the 1997 Stock Plan.

3. (Loss) Income Per Share

The Company adopted FASB Staff Position ("FSP") FSP-EITF No. 03-6-1 on January 1, 2009. The adoption of FSP-EITF No. 03-6-1 impacted the determination and reporting of earnings per share by requiring the inclusion of restricted stock, which has the right to share in dividends, if declared, equally with common shareholders as participating securities. During periods of net income, participating securities are allocated a proportional share of net income determined by dividing total weighted average participating securities by the sum of total weighted average common shares and participating securities ("the two-class method"). During periods of net loss, no effect is given to the participating securities because they do not share in the losses of the Company. Including these shares in the Company's earnings per share calculation during periods of net income has the effect of diluting both basic and diluted earnings per share. In accordance with FSP-EITF No. 03-6-1, prior period basic and diluted shares outstanding, as well as per share amounts presented below, have been adjusted retroactively.

For the three and six months ended June 30, 2008, potentially dilutive securities representing 1,449,400 shares of common stock related to unvested stock options were excluded from the computation of diluted earnings per share because their effect would have been antidilutive. Due to the

net loss for the period ended June 30, 2009, anti-dilutive potential common shares, consisting of convertible subordinated debt and outstanding stock options, were 6,549,122 as of June 30, 2009.

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Basic:				
Numerator:				
Net (loss) income	$ (4,660)	$ 39,258	$ (6,197)	$ 32,485
Net income associated with participating securities	—	550	—	586
Basic net (loss) income	$ (4,660)	$ 38,708	$ (6,197)	$ 31,899
Denominator:				
Weighted average common shares	57,051,427	56,735,950	57,026,680	56,628,688
Net (loss) income per share—basic	$ (0.08)	$ 0.68	$ (0.11)	$ 0.56
Diluted:				
Numerator:				
Net (loss) income	$ (4,660)	$ 39,258	$ (6,197)	$ 32,485
Interest expense	—	437	—	1,222
Net income associated with participating securities	—	(517)	—	(552)
Net (loss) income	$ (4,660)	$ 39,178	$ (6,197)	$ 33,155
Denominator:				
Weighted average common shares	57,051,427	56,735,950	57,026,680	56,628,688
Weighted average effect of dilutive securities:				
Convertible subordinated notes	—	4,411,679	—	5,813,663
Diluted weighted average common shares	57,051,427	61,147,629	57,026,680	62,442,351
Net (loss) income per share—diluted	$ (0.08)	$ 0.64	$ (0.11)	$ 0.53

4. Restructuring Charge

During 2008, in connection with a reduction in work force of eight employees in December 2008, the Company recorded a restructuring charge of $529 which consisted of employee separation costs, payable in cash during the first half of 2009. The reserve had been classified within other current liabilities as of December 31, 2008.

The following table sets forth the cash payments and the balance of the restructuring reserve as of and for the six months ended June 30, 2009:

Reserve at December 31, 2008	Cash Payments in 2009	Change in Reserve 2009	Reserve at June 30, 2009
$523	$ 510	$ 13	$ —

5. Investments

The following tables show the amortized cost, gross unrealized gains and losses and estimated fair value for available-for-sale securities as of December 31, 2008 and June 30, 2009 based on published closing prices by major security type (in thousands).

	December 31, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Agency bonds	$ 26,951	$ 239	$ —	$ 27,190
Agency mortgage backed securities	8,252	163	—	8,415
Corporate and municipal bonds	11,921	81	166	11,836
US Treasury notes	9,076	71	—	9,147
Commercial paper and certificates of deposit	4,007	5	—	4,012
Asset backed securities	7,961	—	—	7,961
Total	$ 68,168	$ 559	$ 166	$ 68,561

	June 30, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Agency bonds	$ 10,022	$ 76	$ —	$ 10,098
Agency mortgage backed securities	6,933	240	—	7,173
Corporate bond	2,042	—	11	2,031
Total	$ 18,997	$ 316	$ 11	$ 19,302

The accumulated balance of other comprehensive income is disclosed as a separate component of stockholders' equity and consists of unrealized gains and losses on short-term investments and marketable securities. Total comprehensive loss is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net (loss) income	$ (4,660)	$ 39,258	$ (6,197)	$ 32,485
Other comprehensive loss:				
Unrealized (losses) gains on securities:				
Unrealized (losses) gains arising during period	(54)	(93)	(171)	342
Reclassification adjustment for (losses) gains included in net (loss) income	(1)	(165)	83	(169)
Net unrealized (loss) gain on securities	(55)	(258)	(88)	173
Total comprehensive (loss) income	$ (4,715)	$ 39,000	$ (6,285)	$ 32,658

The Company reviews its investment portfolio on a regular basis to determine if there is an impairment that is other than temporary. As of June 30, 2009 there was one security with an unrealized loss of $11 which was deemed to be temporary. All other securities had unrealized gains. During the first quarter of 2009, the Company sold all of the asset-backed securities and corporate and municipal bonds in its investment portfolio.

All of the securities in the Company's investment portfolio are priced by the Company's investment manager. On a quarterly basis, the Company obtains a second price for each security to compare to the price obtained from the Company's investment manager. As of June 30, 2009, there were no material variances in the prices obtained from these two sources and as such the Company has used the pricing provided by the Company's investment manager.

On January 1, 2008, the Company adopted Statement of Financial Accounting Standards 157, "*Fair Value Measurements*" ("SFAS 157"). SFAS 157 defines fair value, provides a consistent framework for measuring fair value under Generally Accepted Accounting Principles and expands fair value financial statement disclosure requirements. The valuation techniques defined in SFAS 157 are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. SFAS 157 classifies these inputs into the following hierarchy:

Level 1 Inputs—Quoted prices for identical instruments in active markets.

Level 2 Inputs—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs—Instruments with primarily unobservable value drivers.

The following table represents the fair value hierarchy for those financial assets measured at fair value on a recurring basis as of June 30, 2009.

Fair Value Measurements on a Recurring Basis as of June 30, 2009

Assets	Level I	Level II	Level III	Total
Cash equivalents	$ 56,238	$ —	$ —	$ 56,238
Short-term investments	—	6,016	—	6,016
Marketable securities	—	13,286	—	13,286
Total Investments	$ 56,238	$ 19,302	$ —	$ 75,540

Level I securities in the Company's portfolio consist primarily of Money Market accounts. Level II securities in the Company's portfolio primarily consist of Federal government agency sponsored securities.

6. Extinguishment of Debt

During February 2009, the Company repurchased $4,825 of its 4% convertible subordinated debentures due February 2011, for total consideration of $3,812, plus accrued interest of $90 at the date of repurchase. As a result of the transaction, in the first quarter of 2009 the Company recorded a gain of $962 which is net of the write-off of the ratable portion of unamortized deferred financing costs relating to the repurchased debt.

As of June 30, 2009, the market value of the Company's $14,142 4% convertible subordinated notes due 2011, based on quoted market prices, was approximately $11,400.

In July 2009, the Company repurchased $1,639 of its 4% convertible subordinated debentures due February 2011, for total consideration of $1,393, plus accrued interest of $29 at the date of repurchase. As a result of the transactions, in the third quarter of 2009 the Company will record a gain of $232 which is net of the write-off of the ratable portion of unamortized deferred financing costs relating to the repurchased debt.

7. Recently Enacted Pronouncements

In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position 157-2, "*Effective Date of FASB Statement 157*" ("FSP FAS 157-2"). FSP FAS 157-2 deferred the effective date of FAS 157 for non-financial assets and liabilities that are not on a recurring basis recognized or disclosed at fair value in the financial statements, to fiscal years and interim periods beginning after November 15, 2008. The Company adopted FSP FAS 157-2 on January 1, 2009 and the adoption did not have any impact on its financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "*Interim Disclosures about Fair Value of Financial Instruments*," ("FSP FAS 107-1 and APB28-1") which amends FASB Statement No. 107, "*Disclosures about Fair Value of Financial Instruments,"* to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, "*Interim Financial Reporting,"* to require those disclosures in summarized financial information at interim reporting periods. This FSP shall be effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of FSP FAS 107-1 and APB 28-1 did not have a material impact on the Company's financial statements.

In April 2009, the FASB issued FSP FAS 157-4, "*Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*," ("FSP FAS 157-4") which provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, "*Fair Value Measurements,"* when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP shall be effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. The adoption of FSP FAS 157-4 did not have a material impact on the Company's financial statements.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "*Recognition and Presentation of Other-Than-Temporary Impairments*" ("FSP FAS 115-2 and FAS 124-2") which amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009 is not permitted. The

adoption of FSP FAS 115-2 and FAS 124-2 did not have a material impact on the Company's financial statements.

In May 2009, the FASB issued Statement No. 165, "*Subsequent Events*" ("SFAS 165") which provides guidance on management's assessment of subsequent events. SFAS 165 clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date "through the date that the financial statements are issued or are available to be issued." Management must perform its assessment for both interim and annual financial reporting periods. SFAS 165 is effective prospectively for interim or annual financial periods ending after June 15, 2009. See Note 1 for disclosure related to the Company's evaluation of subsequent events.

In June 2009, the FASB issued Statement No. 168, "*The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162*" ("SFAS 168") which identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting prinicples ("GAAP") in the United States (the GAAP hierarchy). The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the Codification will be considered nonauthoritative. SFAS 168 shall be effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of SFAS 168 is not expected to have a material impact on the Company's financial statements.

8. Merger Agreement with Celldex

Under the terms of the Merger Agreement, each share of CuraGen Common Stock issued and outstanding immediately prior to the effective time of the Merger (the "Effective Time"), including shares of restricted stock, shall be converted into the right to receive a number of shares of Celldex's common stock, par value $0.01 ("Celldex Common Stock"), calculated pursuant to an exchange ratio described in the Merger Agreement (the "Exchange Ratio"). The aggregate purchase price payable in the Merger, which is initially set at $94,500, is subject to adjustment based, in part, on CuraGen's net cash position as of the Closing. The purchase price will be adjusted upward if CuraGen's Cash at Closing Amount (as defined in the Merger Agreement) exceeds $54,500 by $1.30 for each $1.00 of excess until the aggregate purchase price reaches $97,500, and thereafter by $1.00 for each $1.00 of excess up to a maximum aggregate purchase price of $100,000. The purchase price will be adjusted downward if CuraGen's Cash at Closing Amount is less than $54,500 by $1.00 for each $1.00 of the shortfall. Due primarily to the agreement in principle to settle the *Capps* and *Smith* actions (see Note 9) and the monthly defense costs of litigating these actions, CuraGen currently expects that its Cash at Closing Amount will be between $53,500 and $54,000, resulting in an aggregate purchase price of between $93,500 and $94,000. However, the actual Cash at Closing Amount may be lower or higher due to a number of factors.

Notwithstanding the foregoing, the aggregate number of shares of Celldex Common Stock issuable pursuant to the Merger (including shares issuable upon exercise of CuraGen options with an exercise price of $1.67 per share or less assumed by Celldex in the Merger) shall in no event exceed 58.0% or fall beneath 32.5% of the sum of total number of shares of Celldex Common Stock outstanding immediately after the Effective Time (which number includes the shares of CuraGen Common Stock outstanding immediately prior to the Effective Time that are converted into shares of Celldex common stock in the Merger) *plus* the maximum number of shares of Celldex Common Stock issuable upon exercise of CuraGen options with an exercise price of $1.67 or less assumed by Celldex in the Merger).

Under the terms of the Merger Agreement, Celldex shall, at the Effective Time, assume all CuraGen stock options that were issued under CuraGen's 2007 Stock Plan. These options will be converted into options to acquire a number of shares of Celldex Common Stock determined by multiplying the number of shares of CuraGen Common Stock subject to such options immediately prior

to the Effective Time by the Exchange Ratio, at an exercise price per share determined by dividing the exercise price per share of CuraGen Common Stock at which such options were exercisable immediately prior to the Effective Time by the Exchange Ratio. Celldex shall not assume any of CuraGen's stock options that were issued under CuraGen's 1997 Stock Plan, which stock options will, to the extent not yet vested, fully vest and be exercisable for a specified period of time prior to the Effective Time, and will terminate and be of no further force and effect upon consummation of the Merger if not exercised prior to that time.

Further, the Merger Agreement provides for Celldex to assume CuraGen's obligations in respect of CuraGen's 4.0% Convertible Subordinated Notes due February 15, 2011 through execution and delivery of a supplemental indenture as of the closing.

CuraGen may be required to pay Celldex a termination fee of $3,500 if the Merger Agreement is terminated under certain circumstances, all as described in the Merger Agreement.

On May 28, 2009, prior to the execution of the Merger Agreement, CuraGen's Board of Directors approved an amendment (the "Rights Amendment") to the Stockholder Rights Agreement (the "Rights Agreement") dated as of March 27, 2002 between CuraGen and American Stock Transfer & Trust Company, LLC as rights agent, which Rights Amendment renders the Rights Agreement inapplicable to the Merger.

9. Commitments and Contingencies

Following the announcement of the proposed acquisition by Celldex of CuraGen, on June 9, 2009, a putative class action complaint, *Margaret Capps v. Timothy Shannon, et al.*, was filed in the Connecticut Superior Court, Judicial District of New Haven. On June 15, 2009, a second putative class action complaint, *Cheryl Smith v. CuraGen Corporation, et al.*, was filed in the Court of Chancery of the State of Delaware.

Both lawsuits purport to be brought on behalf of all public stockholders of CuraGen, and name CuraGen, all of its directors, Celldex, and Cottrell Merger Sub as defendants. The complaints allege, among other things, that the merger consideration to be paid to CuraGen stockholders in the merger is unfair and undervalues CuraGen. In addition, the complaints allege that CuraGen's directors violated their fiduciary duties by, among other things, failing to maximize stockholder value and failing to engage in a fair sale process. The complaints also allege that CuraGen and Celldex aided and abetted the alleged breach of fiduciary duties by CuraGen's directors. The plaintiffs in both lawsuits also have sought to add claims that CuraGen's directors breached their fiduciary duty of disclosure by making purportedly misleading and incomplete disclosures in the preliminary proxy concerning the merger. The complaints seek, among other relief, an injunction preventing completion of the merger or, if the merger is consummated, rescission of the merger.

On July 21, 2009, the parties reached an agreement in principle, expressed in a memorandum of understanding, to settle the *Capps* and *Smith* actions. Pursuant to the terms of the memorandum, the Company agreed to make certain additional disclosures in the final proxy statement concerning the Celldex-CuraGen merger and, if approved by the court, a payment of $300 for the stockholder plaintiffs' attorney fees and expenses. The settlement is subject to documentation and court approval.

In accordance with FAS 5, "*Accounting for Contingencies*", as of June 30, 2009 we have accrued $300 for a payment to plaintiffs' counsel of attorney fees and expenses, if approved by the court.

10. Seattle Genetics, Inc. Collaboration Agreement

In June 2004, CuraGen and Seattle Genetics, Inc. ("Seattle Genetics") entered into a collaboration agreement to license Seattle Genetics' proprietary antibody-drug conjugate ("ADC") technology for use with the Company's proprietary antibodies for the potential treatment of cancer. The Company paid an upfront fee of $2,000 for access to the ADC technology for use in one of its proprietary antibody programs. In February 2005, the Company also exercised its option to access Seattle Genetics' ADC technology for use with a second antibody program in exchange for a $1,000 payment. In June 2006,

the Company paid a milestone payment for the enrollment of the first patient in the first Phase I clinical trial of CR011-vcMMAE for the treatment of metastatic melanoma. In April 2008, the Company paid a milestone payment for the initiation of a Phase II clinical trial of CR011-vcMMAE. Milestone payments under this collaboration agreement are payable upon the initiation of each phase of clinical trials and upon marketing approval. Under the terms of the agreement, total milestone payments from the initiation of clinical trials through marketing approval will be $14,000 for each antibody-drug conjugate. All milestones were fully expensed at the time of the achievement of the milestone, pursuant to CuraGen's accounting policy for such fees.

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Exhibit 99.4

PRO FORMA FINANCIAL DATA

Celldex and CuraGen Unaudited Pro Forma Condensed Combined Financial Statements

The following unaudited pro forma condensed combined financial statements give effect to the merger of Celldex and CuraGen in a transaction to be accounted for under the acquisition method of accounting in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141(R), Business Combinations (Revised) ("SFAS 141(R)"), with Celldex treated as the acquirer and surviving legal entity in the transaction. The unaudited pro forma condensed combined balance sheet is based on the individual historical consolidated balance sheets of Celldex and CuraGen as of June 30, 2009, and has been prepared to reflect the merger of Celldex and CuraGen as of June 30, 2009. The unaudited pro forma condensed combined statements of operations are based on the individual historical consolidated statements of operations of Celldex and CuraGen and combine the results of operations of Celldex and CuraGen for the year ended December 31, 2008 and the six months ended June 30, 2009, giving effect to the merger as if it occurred on January 1, 2008 for both pro forma statements of operations, reflecting only pro forma adjustments expected to have a continuing impact on the combined results.

These unaudited pro forma condensed combined financial statements are for informational purposes only. They do not purport to indicate the results that would have actually been obtained had the merger been completed on the assumed date or for the periods presented, or which may be realized in the future. To produce the pro forma financial information, Celldex allocated the purchase price using its best estimates of fair value. These estimates are based on the most recently available information. To the extent there are significant changes to Celldex's or CuraGen's business, including results from ongoing clinical trials, the assumptions and estimates herein could change significantly. The allocation is dependent upon certain valuation and other studies that are not yet final. Accordingly, the pro forma purchase price adjustments are preliminary, subject to further adjustments as additional information becomes available and as additional analyses are performed. Upon completion of the merger, final valuations will be performed. There can be no assurances that these final valuations will not result in material changes to the purchase price allocation. Furthermore, the parties expect to have reorganization and restructuring expenses as well as potential operating efficiencies as a result of combining the companies. The pro forma financial information does not reflect these potential expenses and efficiencies, except for the CuraGen severance obligation described below. The unaudited pro forma condensed combined financial statements should be read in conjunction with:

- Celldex's audited consolidated financial statements including the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Celldex's Annual Report on Form 10-K for the year ended December 31, 2008 and Celldex's unaudited interim financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Celldex's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009; and

- CuraGen's audited consolidated financial statements, including the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in CuraGen's Annual Report on Form 10-K for the year ended December 31, 2008, as amended by Amendment No. 1 to CuraGen's Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on April 30, 2009 and Amendment No. 2 to CuraGen's Annual Report on Form 10-K for the year ended December 31, 2008 filed with the SEC on June 19, 2009, and CuraGen's unaudited interim financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in CuraGen's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 filed with the SEC on August 5, 2009 and CuraGen's Current Report on Form 8-K filed with the SEC on June 18, 2009 regarding the adoption of FASB Staff Position EITF 03-6-1.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of June 30, 2009

(Amounts in thousands)

	Celldex	CuraGen	Pro Forma Adjustments	Note Reference	Pro Forma Combined
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	$ 31,633	$ 56,738	$ (3,100)	I	$ 85,271
Short-Term Investments	—	6,016	—		6,016
Marketable Securities	—	13,286	—		13,286
Accounts and Other Receivables	1,013	122	—		1,135
Prepaid and Other Current Assets	863	446	—		1,309
Total Current Assets	33,509	76,608	(3,100)		107,017
Property and Equipment, Net	12,551	58	—		12,609
Intangible Assets, Net	2,036	—	25,300	E	27,336
Other Assets	6,316	200	(115)	C	6,401
Goodwill	—	—	9,185	J	9,185
Total Assets	$ 54,412	$ 76,866	$ 31,270		$ 162,548
LIABILITIES AND STOCKHOLDERS' EQUITY:					
Current Liabilities:					
Accounts Payable	$ 1,375	$ 189	$ —		$ 1,564
Accrued Expenses	3,024	2,666	4,097	K	9,787
Payable Due Medarex	2,957	—	—		2,957
Current Portion of Deferred Revenue	5,279	—	—		5,279
Current Portion of Long-Term Liabilities	221	—	—		221
Total Current Liabilities	12,856	2,855	4,097		19,808
Deferred Revenue	36,227	—	—		36,227
Other Long-Term Liabilities	1,026	—	—		1,026
Convertible Subordinated Debt	—	14,142	(2,121)	B	12,021
Total Liabilities	50,109	16,997	1,976		69,082
Stockholders' Equity:					
Convertible Preferred Stock	—	—	—		—
Common Stock(1)	16	572	(572)	F	
			12	A	28
Additional Paid-In Capital	139,253	527,982	(527,982)	F	
			96,348	A	235,601
Accumulated Other Comprehensive Income	2,591	305	(305)	F	2,591
Accumulated Deficit	(137,557)	(468,990)	468,990	F	
			(4,097)	K	
			(3,100)	I	(144,754)
Total Stockholders' Equity	4,303	59,869	29,294		93,466
Total Liabilities and Stockholders' Equity	$ 54,412	$ 76,866	$ 31,270		$ 162,548

(1) For purposes of preparing the pro forma condensed combined financial statements, Celldex estimated a purchase price of $93,500,000 and used the closing price for Celldex common stock on July 31, 2009 of $7.60 per share. Based on those assumptions, the combined number of shares outstanding at closing would be 28,180,624.

See the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements, which are an integral part of these statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

Six Months Ended June 30, 2009

(Amounts in thousands, except per share amounts)

	Celldex	CuraGen	Pro Forma Adjustments	Note Reference	Pro Forma Combined
REVENUE:					
Product Development and Licensing Agreements	$ 2,999	$ —	$ —		$ 2,999
Contracts and Grants	139	—	—		139
Product Royalties	3,279	—	—		3,279
Total Revenue	6,417	—	—		6,417
OPERATING EXPENSE:					
Research and Development	16,488	3,497	—		19,985
Other Operating Expense	6,438	4,830	(2,319)	I	
			458	E	9,407
Total Operating Expense	22,926	8,327	(1,861)		29,392
Operating Loss	(16,509)	(8,327)	1,861		(22,975)
Investment and Other Income, Net	101	345	(339)	D	
			35	C	142
Realized Gain on Sale of Available-for-Sale Investments, net	—	83	—		83
Gain on Extinguishment of Debt	—	962	—		962
Loss Before Income Tax Benefit	(16,408)	(6,937)	1,557		(21,788)
Income Tax Benefit	—	740	—	H	740
Net Loss	$ (16,408)	$ (6,197)	$ 1,557		$ (21,048)
Basic and Diluted Net Loss Per Common Share	$ (1.04)				$ (0.77)
Shares Used in Calculating Basic and Diluted Net Loss Per Share	15,826	57,027	(45,471)	G	27,382

See the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements, which are an integral part of these statements.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

Year Ended December 31, 2008

(Amounts in thousands, except per share amounts)

	Celldex	CuraGen	Pro Forma Adjustments	Note Reference	Pro Forma Combined
REVENUE:					
Product Development and Licensing Agreements	$ 3,716	$ 1,174	$ —		$ 4,890
Contracts and Grants	533	—	—		533
Product Royalties	3,206	—	—		3,206
Total Revenue	7,455	1,174	—		8,629
OPERATING EXPENSE:					
Research and Development	26,347	15,076	485	K	41,908
Other Operating Expense	29,864	5,680	915	E	36,459
Total Operating Expense	56,211	20,756	1,400		78,367
Gain on Sale of Intangible Asset	—	36,397	—		36,397
Operating (Loss) Income	(48,756)	16,815	(1,400)		(33,341)
Investment and Other Income, Net	1,255	1,669	(679)	D	
			63	C	2,308
Realized Loss on Sale of Available-for-Sale Investments, net	—	(372)	—		(372)
Gain on Extinguishment of Debt	—	6,991	—		6,991
(Loss) Income Before Income Tax Provision	(47,501)	25,103	(2,016)		(24,414)
Income Tax Provision	—	(322)	—	H	(322)
Net (Loss) Income	$ (47,501)	$ 24,781	$ (2,016)		$ (24,736)
Basic and Diluted Net Loss Per Common Share	$ (3.34)				$ (0.96)
Shares Used in Calculating:					
Basic Net Loss Per Share	14,217	56,738	(45,241)	G	25,714
Diluted Net Income Per Share	14,217	60,642	(34,928)	G	25,714

See the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Statements, which are an integral part of these statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. DESCRIPTION OF TRANSACTION AND BASIS OF PRESENTATION

On May 28, 2009, Celldex and CuraGen signed an Agreement and Plan of Merger under which a wholly owned subsidiary of Celldex will merge with and into CuraGen in a transaction to be accounted for under the acquisition method of accounting in accordance with accounting principles generally accepted in the United States of America, with Celldex treated as the accounting acquirer. Under the acquisition method of accounting, all of CuraGen's assets acquired and liabilities assumed in the transaction will be recorded by Celldex at their acquisition date fair values while transaction costs associated with the transaction are expensed as incurred. The transaction is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. Under the terms of the merger agreement, each share of CuraGen common stock outstanding at the closing of the merger will be exchanged for shares of Celldex common stock at an exchange ratio (the "Common Stock Exchange Ratio") determined as set forth in the merger agreement, plus cash in lieu of a fractional share of Celldex Common Stock. In addition, each option to purchase CuraGen common stock issued under the 2007 Stock Plan that is outstanding on the closing date ("CuraGen 2007 Options") will be assumed by Celldex and will thereafter constitute an option to acquire the number of shares of Celldex common stock determined by multiplying the number of shares of CuraGen common stock subject to the option immediately prior to the merger by the Common Stock Exchange Ratio, rounded down to the nearest whole share, with an exercise price equal to the exercise price of the assumed CuraGen option divided by the Common Stock Exchange Ratio, rounded up to the nearest whole cent. Each of these assumed options will be subject to the same terms and conditions that were in effect for the related CuraGen options. The merger is subject to certain closing conditions, including approval by Celldex and CuraGen stockholders.

2. CALCULATION OF ESTIMATED CONSIDERATION TRANSFERRED

A preliminary estimate of the consideration transferred is as follows (table in thousands):

Fair value of Celldex shares issued ("Purchase Price" as defined in the merger agreement)	$ 93,500
Fair value of CuraGen 2007 Options assumed	2,860
Total estimated consideration transferred	$ 96,360

The fair value of the Celldex shares used in determining the purchase price was $7.60 per share based on the closing price for Celldex common stock on July 31, 2009. In accordance with SFAS 141(R), the fair value of the Celldex shares issued as part of the consideration transferred will be measured using the market price of Celldex common stock on the closing date.

SFAS 141(R) requires that the fair value of replacement awards attributable to precombination service be included in the consideration transferred. Approximately 97% of the CuraGen 2007 Options immediately vest upon change of control and 100% of the CuraGen 2007 Options immediately vest upon the employment termination of the option holder as a result of a change of control. On July 20, 2009, in accordance with Section 7.9(a) of the Merger Agreement, Celldex provided notice (which we refer to as the employment notice) to CuraGen of its intent to make offers of employment to five of CuraGen's employees (none of whom were officers of CuraGen). For purposes of preparing the pro forma condensed combined financial statements, Celldex has assumed that all CuraGen employees will be terminated, except those CuraGen employees who have received the employment notice from Celldex as discussed below under CuraGen Severance Obligations, and that all CuraGen 2007 Options will immediately vest at the effective time of the merger. The fair value of the CuraGen 2007 Options has been attributed to precombination service and included in the consideration transferred.

3. PRELIMINARY ALLOCATION OF CONSIDERATION TRANSFERRED TO NET ASSETS ACQUIRED

The estimated consideration transferred has been allocated to the acquired tangible and identifiable intangible assets and liabilities assumed based on their estimated fair values as of June 30, 2009 (table in thousands):

Cash and cash equivalents	$ 56,738
Short-term investments	6,016
Marketable securities	13,286
Identifiable intangible assets	25,300
Other current and long-term assets	711
CuraGen severance obligations	4,097
Goodwill	9,185
Assumed convertible subordinated debt	(12,021)
Assumed liabilities	(6,952)
Total	$ 96,360

The allocation of consideration transferred is preliminary and the final determination will be based on (i) the fair values of assets acquired, including the fair values of in-process research and development and other identifiable intangibles, (ii) the fair values of liabilities assumed, and (iii) the fair value of common stock issued, as of the date that the merger is consummated. The excess of consideration transferred over the fair value of assets and liabilities acquired is allocated to goodwill. The allocation of consideration transferred will remain preliminary until Celldex completes a final valuation of significant identifiable intangible assets acquired and determines the fair values of other assets and liabilities acquired. The final determination of the allocation of consideration transferred is expected to be completed as soon as practicable after consummation of the merger. The final amounts allocated to assets and liabilities acquired could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements.

Identifiable Intangible Assets

The amount allocated to identifiable intangible assets has been attributed to the following categories (table in thousands):

In-process research and development	$ 8,900
Amgen Amendment	16,400
Total	$ 25,300

The estimated fair value attributed to in-process research and development ("IPR&D") intangible assets represents an estimate of the fair value of purchased in-process technology for CuraGen's research programs that, as of the expected closing date of the merger, will not have reached technological feasibility and have no alternative future use. Only those research programs that had advanced to a stage of development where management believed reasonable net future cash flow forecasts could be prepared and a reasonable likelihood of technical success existed were included in the estimated fair value. Accordingly, the IPR&D programs primarily represent the estimated fair value of CuraGen's CR011 programs. The estimated fair value of the IPR&D programs was determined based on estimates of expected future net cash flows. These expected future net cash flows included estimates for revenue and associated costs for the IPR&D programs based on (i) relevant industry factors, (ii) current and expected trends in the product development life cycle, (iii) the ability to engage a strategic partner, (iv) the ability to obtain regulatory approval, and (v) the ability to manufacture and

commercialize the products. The probability-adjusted future net cash flows which reflect the different stages of development of each program are then present valued utilizing an estimate of the appropriate discount rate which is consistent with the uncertainties of the cash flows utilized. Finally, the expected future net cash flows were calculated assuming the Amgen Amendment (defined below) was not entered into because the fair value attributable to the Amgen Amendment is separated from the fair value of the IPR&D programs. At the time of the preparation of the unaudited pro forma condensed combined financial statements, Celldex does not have complete information as to the amount, timing and risk of the net cash flows. For purposes of preparing the unaudited pro forma condensed combined financial statements, Celldex used publicly available information, market participant assumptions, CuraGen's existing cost and development assumptions, and certain other high-level assumptions.

Celldex will periodically evaluate these IPR&D indefinite-life intangible assets. If a project is completed, the carrying value of the related intangible asset will be amortized over the remaining estimated life of the asset beginning in the period in which the project is completed. If a project becomes impaired or is abandoned, the carrying value of the related intangible asset will be written down to its fair value and an impairment charge will be taken in the period in which the impairment occurs. These intangible assets will be tested for impairment on an annual basis, or earlier if impairment indicators are present.

The estimated fair value attributed to the May 2009 amendment to the CuraGen and Amgen (successor in-interest to Abgenix) license agreement relates to CuraGen's exclusive rights to develop and commercialize CR011 and 11 other licensed antigens ("Amgen Amendment"). Under the Amgen Amendment, CuraGen and Amgen agreed to modify the terms of their existing cross-license of antigens whereby the amended license would be fully paid-up and royalty-free (except for any potentially required payments by CuraGen to the original licensor of CR011). The estimated fair value of the Amgen Amendment was based on the increase in expected future net cash flows for the IPR&D programs related to CR011 after the Amgen Amendment was entered into as compared to the expected future net cash flows if the Amgen Amendment was not entered into. The estimated fair value attributed to the Amgen Amendment will be amortized over its estimated useful life of approximately 16 years on a straight-line basis (no other method was deemed preferable) from the expected closing date of the merger through the date of the last expiring patent covering CR011.

CuraGen Severance Obligations

All of CuraGen's employees are eligible for severance payments upon termination of employment under certain circumstances, including following a merger. The merger agreement required Celldex to notify CuraGen of the identity of the employees to whom it intends to make offers of employment no less than 40 business days prior to closing. However, no employment terms were negotiated in advance of the signing of the merger agreement, and the merger is not conditioned on any such arrangements. On July 20, 2009, in accordance with Section 7.9(a) of the Merger Agreement, Celldex provided notice to CuraGen of its intent to make offers of employment to five of CuraGen's employees (none of whom were officers of CuraGen). CuraGen employees who do not receive offers of employment will be terminated upon the consummation of the merger. SFAS 141(R) requires severance obligations that are incurred by the acquiree for the benefit of the acquirer to be recognized as an expense in the post-combination period. Because the offer of employment was at the option of Celldex, Celldex has deemed the severance obligations to be at its benefit. This results in an increase to accumulated deficit and accrued liabilities in the unaudited pro forma condensed financial statements. Celldex has allocated estimated severance obligation of $4.1 million from total consideration transferred as an expense and accrued liability in the post-combination period. For purposes of preparing the unaudited pro forma condensed combined financial statements, Celldex has assumed that (i) all CuraGen employees that will not be offered employment will be terminated and (ii) no severance payouts will be made prior to the effective time of the merger.

Convertible Subordinated Debt

The $12.0 million represents the estimated fair value as of the pro forma date attributable to CuraGen's 4% convertible subordinated notes due February 15, 2011 ("CuraGen Debt") that Celldex will be assuming as part of the merger. For purposes of preparing the unaudited pro forma condensed combined financial statements, Celldex estimated the fair value of CuraGen Debt at $12.0 million, or 85.0% of the $14.1 million face value. The Company estimated the fair value of the CuraGen Debt by reviewing relevant market price data consistent with SFAS No. 157, *Fair Value Measurements*.

4. PRO FORMA ADJUSTMENTS

(A) To record the fair value of common stock and stock options issued and issuable in connection with the merger. Cash paid in lieu of fractional shares will be from existing cash balances and has not been reflected.

(B) To adjust CuraGen's convertible subordinated debt to fair value as described above.

(C) To eliminate the deferred financing costs related to CuraGen's convertible subordinated debt and to adjust amortization expense accordingly.

(D) To record interest expense to accrete the fair value of CuraGen's convertible subordinated debt to its face value over the remaining term through maturity.

(E) To record intangible assets to identifiable intangible assets as described above and to record amortization expense for the Amgen Amendment over its estimated useful life.

(F) To eliminate CuraGen's historical stockholders' equity accounts.

(G) To reflect the issuance of Celldex shares to CuraGen stockholders in connection with the merger. For purposes of preparing the pro forma condensed combined financial statements Celldex estimated a purchase price of $93,500,000 and the price of Celldex shares used in determining the purchase price of $7.60 per share based on the closing price for Celldex common stock on July 31, 2009.

(H) The tax effect of the above pro forma adjustments was calculated at the statutory rate and was determined to be zero because of the availability of net operating loss (NOL) and R&D credit carry forwards. Utilization of the NOL and R&D credit carry forwards may be subject to a substantial annual limitation due to ownership change limitations provided by Section 382 of the Code, as well as similar state provisions. It is expected that the combined company will continue to provide a full valuation allowance on its deferred tax assets.

(I) Celldex estimates that the expenses incurred by Celldex on a stand alone basis for this transaction will be approximately $2.0 million, of which $1.0 million was incurred through the six months ended June 30, 2009 and $1.0 million will be reflected as an expense of Celldex in the period the expense is incurred. CuraGen estimates that the expenses incurred by CuraGen on a stand alone basis for this transaction will be approximately $3.4 million, of which $1.3 million was incurred through the six months ended June 30, 2009 and $2.1 million will be reflected as an expense of CuraGen in the period the expense is incurred. These costs include fees for investment banking services, legal, accounting, due diligence, tax, valuation, printing and other various services necessary to complete the transaction.

The estimate of combined future expenses of Celldex and CuraGen are reflected in the pro forma balance sheet as of June 30, 2009 as a reduction to cash of $3.1 million and a charge to accumulated deficit of $3.1 million. Because they will not have a continuing impact, the combined actual incurred transaction expenses for Celldex's and CuraGen's of $2.3 million during the six months ended June 30, 2009 have been eliminated and are not reflected in the unaudited

pro forma condensed combined statement of operations.

The Merger Agreement also provides for certain termination rights that may result in either Celldex or CuraGen paying a termination fee. The pro forma financial statements have been prepared under the assumption that the merger will be completed and reflect an estimate of those costs to be incurred by Celldex in connection with the merger. The pro forma financial statements do not reflect any potential termination fees that could be required if the merger was not completed.

(J) To record the excess of consideration transferred over the fair value of assets acquired and liabilities assumed as goodwill.

(K) To record the CuraGen severance obligation of $4.1 million as a Celldex post-combination expense and accrued liability as described above. In addition, to record $485,000 in the unaudited pro forma condensed combined statement of operations as a retention bonus payable on the one-year anniversary of the closing to the five employees anticipated to be offered employment.

5. FORWARD-LOOKING STATEMENTS

The statements contained in this section may be deemed to be forward-looking statements within the meaning of Section 21E of the Exchange Act and Section 27A of the Securities Act. Forward-looking statements are typically identified by the words "believe," "expect," "anticipate," "intend," "estimate" and similar expressions. These forward-looking statements are based largely on management's expectations and are subject to a number of uncertainties. Actual results could differ materially from these forward-looking statements. Neither Celldex nor CuraGen undertake any obligation to update publicly or revise any forward-looking statements.

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