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

FORM 10-Q

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

For the quarterly period ended March 31, 2010

OR

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

For the transition period from ____ to ____

Commission file number 000-33393

Northwest Biotherapeutics, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other Jurisdiction of Incorporation or Organization)	**94-3306718** (I.R.S. Employer Identification No.)
4800 Montgomery Lane, Suite 800 **Bethesda, Maryland 20814** (Address of Principal Executive Offices)	**20814** (Zip Code)

(240) 497-9024
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

As of May 12, 2010, the total number of shares of common stock, par value $0.001 per share, outstanding was 63,965,454.

NORTHWEST BIOTHERAPEUTICS, INC.

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Part I — Financial Information

NORTHWEST BIOTHERAPEUTICS, INC.
(A Development Stage Company)

Condensed Consolidated Balance Sheets
(in thousands)

	December 31, 2009	March 31, 2010 (Unaudited)
Assets		
Current assets:		
Cash	$ 65	$ 94
Prepaid expenses and other current assets	36	29
Total current assets	101	123
Property and equipment:		
Laboratory equipment	29	29
Office furniture and other equipment	82	82
	111	111
Less accumulated depreciation and amortization	(111)	(111)
Property and equipment, net	—	—
Deposit and other non-current assets	2	16
Total assets	$ 103	$ 139
Liabilities And Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 3,249	$ 3,062
Accounts payable, related party	6,328	6,350
Accrued expenses	1,874	1,798
Accrued expense, related party	1,329	1,394
Notes payable	2,650	2,650
Note payable to related parties	4,000	4,000
Convertible notes payable, net	—	724
Total current liabilities	19,430	19,978
Long term liabilities:		
Convertible notes payable, net	1,061	815
Convertible notes payable to related party, net	298	459
Total long term liabilities	1,359	1,274
Total liabilities	20,789	21,252
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value; 20,000,000 shares authorized and none issued and outstanding		
Common stock, $0.001 par value; 150,000,000 shares authorized at December 31, 2009 and March 31, 2010 and 58,877,087 and 62,131,373 shares issued and outstanding at December 31, 2009 and March 31, 2010, respectively	58	62
Additional paid-in capital	169,202	174,593
Deficit accumulated during the development stage	(189,897)	(195,742)
Cumulative translation adjustment	(49)	(26)
Total stockholders' equity (deficit)	(20,686)	(21,113)
Total liabilities and stockholders' equity (deficit)	$ 103	$ 139

See accompanying notes to condensed consolidated financial statements.

NORTHWEST BIOTHERAPEUTICS, INC.
(A Development Stage Company)

Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010	Period from March 18, 1996 (Inception) to March 31, 2010
Revenues:			
Research material sales	$ —	$ —	$ 560
Contract research and development from related parties	—	—	1,128
Research grants and other	—	—	1,061
Total revenues	—	—	2,749
Operating costs and expenses:			
Cost of research material sales	—	—	382
Research and development	2,492	1,991	68,904
General and administrative	1,333	1,356	56,199
Depreciation and amortization	—	—	2,351
Loss on facility sublease	—	—	895
Asset impairment loss and other (gain) loss	—	—	2,445
Total operating costs and expenses	3,825	3,347	131,176
Loss from operations	(3,825)	(3,347)	(128,427)
Other income (expense):			
Warrant valuation	—	—	6,759
Loan conversion inducement	—	—	(5,617)
Gain on sale of intellectual property and property and equipment	—	—	3,664
Interest expense	(751)	(2,498)	(28,530)
Interest income and other	—	—	1,218
Net loss	(4,576)	(5,845)	(150,933)
Issuance of common stock in connection with elimination of Series A and Series A-1 preferred stock preferences	—	—	(12,349)
Modification of Series A preferred stock warrants	—	—	(2,306)
Modification of Series A-1 preferred stock warrants	—	—	(16,393)
Series A preferred stock dividends	—	—	(334)
Series A-1 preferred stock dividends	—	—	(917)
Warrants issued on Series A and Series A-1 preferred stock dividends	—	—	(4,664)
Accretion of Series A preferred stock mandatory redemption obligation	—	—	(1,872)
Series A preferred stock redemption fee	—	—	(1,700)
Beneficial conversion feature of Series D preferred stock	—	—	(4,274)
Net loss applicable to common stockholders	$ (4,576)	$ (5,845)	$ (195,742)
Net loss per share applicable to common stockholders — basic and diluted	$ (0.11)	$ (0.10)	
Weighted average shares used in computing basic and diluted net loss per share	43,385	59,928	

See accompanying notes to condensed consolidated financial statements.

NORTHWEST BIOTHERAPEUTICS, INC.
(A Development Stage Company)

Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2010	Period from March 18, 1996 (Inception) to March 31, 2010
Cash Flows from Operating Activities:			
Net Loss	$ (4,576)	$ (5,845)	$ (150,933)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation and amortization	—	—	2,351
Amortization of deferred financing costs	—	—	320
Amortization debt discount	509	343	20,044
Accrued interest converted to stock	—	1,047	1,307
Accreted interest on convertible promissory note	—	—	1,484
Stock-based compensation costs	190	514	10,018
Stock and warrants issued for services and other expenses	—	2,166	5,165
Loan conversion inducement	—	—	5,617
Warrant valuation	—	—	(6,759)
Asset impairment loss and loss (gain) on sale of properties	—	—	(936)
Loss on facility sublease	—	—	895
Increase (decrease) in cash resulting from changes in assets and liabilities:			
Prepaid expenses and other current assets	354	(7)	681
Accounts payable and accrued expenses	248	(263)	4,782
Related party accounts payable and accrued expenses	1,979	(87)	7,744
Accrued loss on sublease	—	—	(265)
Deferred rent	—	—	410
Net Cash used in Operating Activities	(1,296)	(1,958)	(98,075)
Cash Flows from Investing Activities:			
Purchase of property and equipment, net	(2)	—	(5,003)
Proceeds from sale of property and equipment	—	—	258
Proceeds from sale of intellectual property	—	—	1,816
Proceeds from sale of marketable securities	—	—	2,000
Refund of security deposit	—	—	(3)
Transfer of restricted cash	—	—	(1,035)
Net Cash used in Investing Activities	(2)	—	(1,967)
Cash Flows from Financing Activities:			
Proceeds from issuance of note payable	760	875	5,585
Proceeds from issuance of convertible notes payable to related parties	—	—	1,300
Proceeds from issuance of note payable to related parties	—	—	11,250
Repayment of note payable to related party	—	—	(6,700)
Proceeds from issuance of convertible promissory note and warrants, net of issuance costs	—	—	13,099
Repayment of convertible promissory note	—	—	(119)
Borrowing under line of credit, Northwest Hospital	—	—	2,834
Repayment of line of credit, Northwest Hospital	—	—	(2,834)
Payment on capital lease obligations	—	—	(323)
Payments on note payable	—	—	(420)
Proceeds from issuance preferred stock, net	—	—	28,708
Proceeds from exercise of stock options and warrants	—	—	228
Proceeds from issuance common stock, net	1,029	1,089	50,825
Payment of preferred stock dividends	—	—	(1,251)
Series A preferred stock redemption fee	—	—	(1,700)
Deferred financing costs	—	—	(320)
Net Cash provided by Financing Activities	1,789	1,964	100,162
Effect of exchange rates on cash	59	23	(26)
Net increase in cash	550	29	94
Cash at beginning of period	16	65	—
Cash at end of period	$ 566	$ 94	$ 94
Supplemental disclosure of cash flow information — Cash paid during the period for interest	$ —	$ —	$ 1,879
Supplemental schedule of non-cash financing activities:			
Equipment acquired through capital leases	$ —	$ —	$ 285
Issuance of common stock in connection with elimination of Series A and Series A-1 preferred stock preferences	—	—	12,349
Issuance of common stock in connection with conversion of related party notes payable and accrued interest and convertible promissory notes and accrued interest	—		1,500

Modification of Series A preferred stock warrants	—	—	2,306
Modification of Series A-1 preferred stock warrants	—	—	16,393
Warrants issued on Series A and Series A-1 preferred stock dividends	—	—	4,664
Common stock warrant liability	—	—	11,841
Accretion of mandatorily redeemable Series A preferred stock redemption obligation	—	—	1,872
Debt discount on promissory notes	73	579	11,416
Conversion of convertible promissory notes and accrued interest to Series D preferred stock	—	—	5,324
Conversion of convertible promissory notes and accrued interest to Series A-1 preferred stock	—	—	7,707
Conversion of convertible promissory notes and accrued interest to common stock	—	—	269
Issuance of Series C preferred stock warrants in connection with lease agreement	—	—	43
Issuance of common stock for license rights	—	—	4
Liability for and issuance of common stock and warrants to Medarex	—	—	840
Issuance of common stock to landlord	—	—	35
Deferred compensation on issuance of stock options and restricted stock grants	—	—	759
Cancellation of options and restricted stock	—	—	849
Financing of prepaid insurance through note payable	—	—	491
Stock subscription receivable	365		480

See accompanying notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Northwest Biotherapeutics, Inc. and its subsidiary, NW Bio Europe Sarl (collectively, the "Company", "we", "us", and "our"). All material intercompany balances and transactions have been eliminated. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). All normal recurring adjustments which are necessary for the fair presentation of the results for the interim periods are reflected herein. Operating results for the three month periods ended March 31, 2009 and 2010 are not necessarily indicative of results to be expected for a full year.

The independent registered public accounting firm's report on the financial statements for the fiscal year ended December 31, 2009 states that because of recurring operating losses, net operating cash flow deficits, and a deficit accumulated during the development stage, there is substantial doubt about the Company's ability to continue as a going concern. A "going concern" opinion indicates that the financial statements have been prepared assuming the Company will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the Company's condensed consolidated financial statements are disclosed in Note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009.

Recent and Adopted Accounting Pronouncements

In March 2010, The Financial Accounting Standards Board ("FASB") issued new authoritative guidance regarding revenue recognition to define a milestone and clarify that the milestone method of revenue recognition is a valid application of the proportional performance model when applied to research or development arrangements. Accordingly, a company can make an accounting policy election to recognize a payment that is contingent upon the achievement of a substantive milestone in its entirety in the period in which the milestone is achieved. This guidance begins phasing in during the third quarter of 2010. We do not expect the implementation of this guidance to have a material impact on our consolidated financial statements.

In January 2010, the FASB issued new authoritative guidance regarding the disclosure of fair value measurements, which clarifies certain existing disclosure requirements as well as requiring new disclosures related to significant transfers between each fair value level as well as requiring additional information about Level 3 activity. We adopted the guidance in 2010 without material impact on our consolidated financial statements.

3. Stock-Based Compensation

Compensation expense for all stock-based awards is measured at the grant date based on the fair value of the award and is recognized as an expense, on a straight-line basis, over the employee's requisite service period (generally the vesting period of the equity award). The fair value of each option award is estimated on the date of grant using a Black-Scholes option valuation model. Stock-based compensation expense is recognized only for those awards that are expected to vest using an estimated forfeiture rate. We estimate pre-vesting option forfeitures at the time of grant and reflect the impact of estimated pre-vesting option forfeitures in compensation expense recognized. For options and warrants issued to non-employees, the Company recognizes stock compensation costs utilizing the fair value methodology over the related period of benefit.

Stock-based compensation expense was as follows for the three months ended March 31 (in thousands):

	2009	2010
Research and development	$ (139)	$ 186
General and administrative expenses	329	329
Total stock- based compensation expense	$ 190	$ 514

There were no options to purchase common stock issued during the three month periods ended March 31, 2009 and 2010.

At March 31, 2010, the unrecognized compensation expense related to stock options was $3.2 million which is to be recognized over a weighted average period of 6.53 years.

4. Liquidity

The Company has experienced recurring losses from operations, and, as of March 31, 2010, had a working capital deficit of $19.9 million and a deficit accumulated during the development stage of $195.7 million. Of this $195.7 million deficit, $98.1 million (about half) reflects cash used in operations, and the remaining $97.6 million reflects non-cash accounting measures.

Between 2004 and 2010, the Company has undergone a significant recapitalization through the transactions described below.

Toucan Capital and Toucan Partners

Toucan Capital Fund II, L.P. ("Toucan Capital") loaned the Company $6.75 million during 2004 and 2005. The Board's Chairperson is the managing director of Toucan Capital. In April 2006, the $6.75 million of notes payable plus all accrued interest were converted into shares of Series A-1 cumulative convertible Preferred Stock (the "Series A-1 Preferred Stock"). In connection with these loans the Company issued Toucan Capital a warrant to purchase 8,166,667 shares of Series A-1 Preferred Stock. The warrants to purchase Series A-1 Preferred Stock were later converted into warrants to purchase 17,256,888 shares of common stock in connection with the Conversion Agreement, described below.

On January 26, 2005, Toucan Capital purchased 32.5 million shares of Series A cumulative convertible preferred stock (the "Series A Preferred Stock") at $0.04 per share, for a total of $1.276 million. In connection with the securities purchase agreement, the Company issued Toucan Capital a warrant to purchase 2,166,667 million shares of Series A Preferred Stock. The warrants to purchase Series A Preferred Stock were later converted into warrants to purchase 4,778,201 shares of common stock in connection with the Conversion Agreement, described below.

From November 14, 2005 through May 25, 2007, Toucan Partners, LLC ("Toucan Partners") loaned the Company $4.825 million under various promissory note agreements. The Board's Chairperson is the managing member of Toucan Partners. The promissory note agreements were amended and restated into the 2007 Convertible Notes. The 2007 Convertible Notes also included warrants to purchase shares of Series A-1 Preferred Stock ("2007 Warrants"). The Company repaid $5.3 million of principal and accrued interest due to Toucan Partners during 2007. The warrants to purchase Series A-1 Preferred Stock were later converted into warrants to purchase 8,832,541 shares of common stock in connection with the Conversion Agreement, described below.

Under the June 22, 2007 Conversion Agreement, Toucan Capital and Toucan Partners agreed to eliminate a number of rights, preferences and protections associated with the Series A Preferred Stock and the Series A-1 Preferred Stock and Toucan Capital received 4,287,851 shares of common stock and Toucan Partners received 2,572,710 shares of common stock. Also, Toucan Capital converted its preferred shares into 15,011,635 shares of common stock. Additionally under the conversion agreement the Company exchanged the warrants to purchase Series A-1 Preferred Stock and Series A Preferred Stock (discussed above) for warrants to purchase common stock. As a result of the conversion Toucan Capital received warrants to purchase 14,150,732 shares of Common Stock at an exercise price of $0.60 per share and warrants to purchase 7,884,357 shares of Common Stock at an exercise price of $0.15 per share and Toucan Partners received warrants to purchase 8,832,541 shares of Common Stock at an exercise price of $0.60 per share.

Toucan Partners loaned the Company $1.0 million on August 19, 2008 under the terms of an unsecured promissory note (the "Toucan Partners August Loan") with a principal amount of $1,060,000 (reflecting an original issue discount of $60,000). On September 28, 2009, the note principal and accrued interest (including a default penalty of 0.25% per month) amounting to $1,156,718 was converted to 5,783,589 shares of common stock at a conversion price of $0.20. In connection with the conversion, the Company issued Toucan Partners a warrant to purchase 690,000 shares of common stock at an exercise price of $0.20 per share.

Toucan Partners loaned the Company $500,000 on December 22, 2008 under the terms of an unsecured 12% promissory note (the "Toucan Partners December Loan"). In connection with the promissory note, the Company issued to Toucan Partners a warrant to purchase 132,500 shares of common stock at an exercise price of $0.40 per share and a term of 5 years. On September 28, 2009, the note principal and accrued interest (including a default penalty of 0.25% per month) amounting to $552,738 was converted to 2,763,691 shares of common stock at a conversion rate of $0.20. To bring the December Loan into conformity with the SDS and Private Lender notes issued in October and November 2008, as agreed by the parties at the time of the Toucan Partners December Loan, the Company issued Toucan Partners a warrant to purchase 513,841 shares of common stock at an exercise price of $0.41 per share. In connection with the conversion, the Company issued Toucan Partners a warrant to purchase 152,375 shares of common stock at an exercise price of $0.20 per share.

Toucan Partners and the Board's Chairperson also received a total of 2,504,034 shares of common stock as compensation for services rendered during 2008 and 2009.

Toucan Partners loaned the Company a total of $1,300,000 on June 30, 2009, July 2, 2009 and July 17, 2009 under unsecured 6% convertible promissory notes due June 29, 2011, July 1, 2011 and July 16, 2011. The conversion feature of the notes allows Toucan Partners to convert the principal into shares of common stock at a conversion price of $0.20.

As a result of the financings described above, as of March 31, 2010 Toucan Capital held:

- an aggregate of 19,299,486 shares of Common Stock;
- warrants to purchase 14,150,732 shares of Common Stock at an exercise price of $0.60 per share; and
- warrants to purchase 7,884,357 shares of Common Stock at an exercise price of $0.15 per share.

As a result of the financings described above, as of March 31, 2010, Toucan Partners and its managing member Ms. Linda Powers held:

- an aggregate of 13,624,024 shares of Common Stock;
- warrants to purchase 8,832,541 shares of Common Stock at an exercise price of $0.60 per share;
- warrants to purchase 513,841 shares of common stock at an exercise price of $0.41;
- warrants to purchase 132,500 shares of common stock at an exercise price of $0.40; and
- warrants to purchase 842,375 shares of common stock at an exercise price of $0.20.

As of March 31, 2010, Toucan Capital, including the holdings of Toucan Partners, held 32,923,510 shares of common stock, representing approximately 53% of the common stock outstanding. Further, as of March 31, 2010, Toucan Capital, including the holdings of Toucan Partners, beneficially owned (including unexercised warrants) 65,279,856 shares of common stock, representing a beneficial ownership interest of approximately 64.5%.

Other Financings

In April 2006, the Company completed the PIPE Financing and raised approximately $5.5 million from the issuance of 2.6 million shares of common stock.

On June 22, 2007, we placed 15,789,473 shares of common stock with foreign institutional investors at a price of £0.95 per share. The gross proceeds from the placement were approximately £15.0 million, or $29.9 million, while net proceeds from the offering, after deducting commissions and expenses, were approximately £13.0 million, or $25.9 million.

On January 16, 2009 we entered into a securities purchase agreement for $700,000 with Al Rajhi Holdings who purchased 1,000,000 shares of our common stock at $0.70 per share.

On March 27, 2009, we completed a private placement of 1.4 million shares of our common stock and received $700,000.

Between February 22, 2010 and March 31, 2010, we sold 1,451,666 shares of common stock at $0.75 per share for net proceeds of $1,088,750.

Shareholder Loan

Al Rajhi loaned the Company $4.0 million on May 12, 2008 under the terms of an unsecured promissory note with a principal amount of $4,240,000 (reflecting an original issue discount of $240,000). The note was initially due on November 12, 2008. Al Rajhi agreed to extend the term of the note of the loan until December 31, 2009. On February 22, 2010, Al Rajhi agreed to extend the term of the note to December 31, 2010. Additionally, Al Rajhi agreed to convert the interest accrued pursuant to the promissory note into shares of common stock. A total of $853,952 was converted into 1,138,603 shares of common stock at a conversion price of $0.75. In consideration of the extension the Company agreed to extend the term of the warrants issued to Al Rajhi to September 30, 2013.

Other Loans

On October 1, 2008, the Company entered into a $1 million unsecured 12% Loan Agreement with SDS (the "SDS Loan"). The SDS Loan was initially due April 1, 2009, and SDS agreed to extend the maturity on terms that are currently being negotiated.

On dates between October 21, 2008 and November 6, 2008, the Company entered into unsecured 12% Loan Agreements (the "Private Investor Loans") and Promissory Notes (the "Private Investor Promissory Notes") with SDS and a group of private investors (the "Private Investors"). Under the Private Investor Promissory Notes, SDS loaned the Company $1 million and the Private Investors loaned the Company $650,000 for a total of $1.65 million. The Private Investor Promissory Notes were initially due in April 2009, and the Private Investors (excluding SDS) agreed to extend the maturity date to June 2010. SDS agreed to extend the maturity on terms that are currently being negotiated.

During March 2009, the Company received $650,000 upon issuing unsecured 6% convertible loan agreements and promissory notes due in March 2011 to a group of private lenders ("Private Lenders").

During March 2009, the Company received $110,000 upon issuing a unsecured 6% convertible loan agreement and promissory note due in March 2011 to a private lender ("Private Lender").

On dates between August 13, 2009 and September 24, 2009, the Company received $580,000 upon issuing a series of small unsecured 6% convertible loan agreements and promissory notes due in August and September 2011 to a group of Private Lenders.

On dates between October 6, 2009 and December 31, 2009, the Company received $720,000 upon issuing a series of small unsecured 6% convertible loan agreements and promissory notes due in August and September 2011 to a group of Private Lenders.

On dates between January 8, 2010 and March 29, 2010, the Company received $875,000 upon issuing a series of small unsecured 6% convertible loan agreements and promissory notes due between January and March 2012 to a group of Private Lenders.

Going Concern

As of May 5, 2010, the Company had approximately $0.3 million of cash on hand. The Company will need to raise additional capital in the near future to fund its clinical trials and other operating activities. The Company is in discussions with multiple parties regarding potential funding transaction. However, these parties are not obligated to provide any financing.

The Company will require additional funding before it achieves profitability and there can be no assurance that its efforts to seek such funding will be successful. The Company may raise additional funds by issuing additional common stock or securities (equity or debt) convertible into shares of Common Stock, in which case, the ownership interest of its stockholders will be diluted. Any debt financing, if available, is likely to include restrictive covenants that could limit the Company's ability to take certain actions. Further, the Company may seek funding from Toucan Capital or Toucan Partners or their affiliates or other third parties. Such parties are under no obligation to provide the Company with any additional funds, and any such funding may be dilutive to stockholders and may contain restrictive covenants. The Company is currently exploring additional financings with several other parties; however, there can be no assurance that the Company will be able to complete any such financings or that the terms of such financings will be attractive to the Company. If the Company's capital raising efforts are unsuccessful, its inability to obtain additional cash as needed could have a material adverse effect on the Company's financial position, results of operations and the Company's ability to continue its existence. The Company's independent registered public accounting firm has indicated in its report on the Company's consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2009 that there is substantial doubt about the Company's ability to continue as a going concern.

5. Notes Payable

Notes Payable Originating During 2010

On dates between January 8, 2010 and March 29, 2010, the Company received $875,000 upon issuing a series of small unsecured 6% convertible loan agreements and promissory notes due between January and March 2012 to a group of Private Lenders. The conversion feature allows the holders to elect in their discretion to receive shares of common stock at a conversion price of $0.50. The intrinsic value of the convertible notes resulted in a beneficial conversion feature amounting to $579,000 which was recorded as a debt discount to be amortized over the term of the notes.

Notes payable to related parties consist of the following at December 31, 2009 and March 31, 2010 (in thousands):

	December 31, 2009	March 31,2010
12% note payable to Al Rajhi, due December 31, 2010	$ 4,000	$ 4,000
6% unsecured convertible note payable to Toucan Partners, due July, 2011 and November 2011, (net of discount of $1,002 and $841 in 2009 and 2010, respectively)	298	459
	4,298	4,459
Less current portion	**(4,000)**	**(4,000)**
Long-term notes payable to related parties (net)	**$ 298**	**$ 459**

Notes payable consist of the following at December 31, 2009 and March 31, 2010 (in thousands):

	December 31, 2009	March 31, 2010
12% unsecured note payable to SDS	$ 1,000	$ 1,000
12% unsecured notes payable to SDS and Private Investors	1,650	1,650
6% unsecured convertible notes payable to Private Lenders, due in August and September 2011, (net of discount of $485 and $413 in 2009 and 2010, respectively)	95	167
6% unsecured convertible notes payable to Private Lenders, due March 25, 2011, (net of discount of $46 and $36 in 2009 and 2010, respectively)	604	614
6% unsecured convertible note payable to Private Lender, due March 25, 2011	110	110
6% unsecured convertible notes payable to Private Lenders, due October, 2011, (net of discount of $194 and $167 in 2009 and 2010, respectively)	21	48
6% unsecured convertible notes payable to Private Lenders, due October and December 2011, (net of discount of $274 and $243 in 2009 and 2010, respectively)	231	262
6% unsecured convertible notes payable to Private Lenders, due between January and March 2012, (net of discount of $537 in 2010)	-	338
	3,711	**4,189**
Less current portion	**(2,650)**	**(3,374)**
Long-term notes payable (net)	**$ 1,061**	**$ 815**

The current portion of notes payable at March 31, 2010, is reported in the accompanying consolidated balance sheet as follows (in thousands):

Notes payable, net	$ 2,650
Convertible notes payable, net	724
	$ 3,374

6. Net Income (Loss) Per Share Applicable to Common Stockholders

For the three months ended March 31, 2009 and 2010, respectively, options to purchase 940,000 and 4,158,000 shares of common stock, and warrants to purchase 35 million and 37 million shares of common stock, were not included in the computation of diluted net loss per share because they were anti-dilutive. In addition, for the three months ended March 31, 2009 and 2010, respectively, 1.2 million and 16.4 million shares of common stock issuable on conversion of notes payable were not included in the computation of diluted net loss per share because they were antidilutive.

7. Related Party Transactions

Cognate Agreement

On July 30, 2004, the Company entered into a service agreement with Cognate Therapeutics, Inc. (now known as Cognate BioServices, Inc., or Cognate), a contract manufacturing and services organization in which Toucan Capital has a majority interest. In addition, two of the principals of Toucan Capital are members of Cognate's board of directors and, on May 17, 2007, the managing director of Toucan Capital was appointed to serve as a director of the Company and to serve as the non-executive Chairperson of the Company's Board of Directors. Under the service agreement, the Company agreed to utilize Cognate's services for an initial two-year period, related primarily to manufacturing DCVax ® product candidates, regulatory advice, research and development preclinical activities and managing clinical trials. The agreement expired on July 30, 2006; however, the Company continued to utilize Cognate's services under the same terms as set forth in the expired agreement. On May 17, 2007, the Company entered into a new service agreement with Cognate pursuant to which Cognate will provide certain consulting and, when needed, manufacturing services to the Company for its DCVax ® -Brain Phase II clinical trial. Under the terms of the new contract, the Company paid a non-refundable contract initiation fee of $250,000 and committed to pay budgeted monthly service fees of $400,000, subject to quarterly true-ups, and monthly facility fees of $150,000. Under the terms of the contract unless the contract is terminated earlier the contract will expire at the earlier of (i) the submission of an FDA biological license application/new drug application on the Company's brain cancer clinical trial or (ii) July 1, 2010. The Company may terminate this agreement with 180 days notice and payment of all reasonable wind-up costs and Cognate may terminate the contract in the event that the brain cancer clinical trial fails to complete enrollment by July 1, 2009. However, if such termination by the Company occurs at any time prior to the earlier of the submission of an FDA biological license application/new drug application on the Company's brain cancer clinical trial or July 1, 2010 or, such termination by Cognate results from failure of the brain cancer clinical trial to complete patient enrollment by July 1, 2009, the Company is obligated to make an additional termination fee payment to Cognate equal to $2 million. Although the Company failed to complete enrollment the brain cancer clinical trial by July 1, 2009 Cognate has elected not to terminate the agreement and as such the $2 million termination penalty had not been triggered. Since July 1, 2009 with the mutual agreement of Cognate and the Company the agreement has continued on a month to month basis on the same terms as included in the original agreement.

Cognate has moved its operations from Sunnyvale, California to its newer facility in Memphis, Tennessee. The current capacity in Memphis (using only part of the facility) is approximately 600 patients per year, which we believe will be sufficient for our Phase II clinical trial for DCVax ® -Brain. We have a plan with Cognate to accommodate an increase in production capacity based on demand and have detailed plans and cost analysis for additional modular expansions which should increase the capacity of the current facilities from approximately 600 patients to over 9,000 patients per year.

During the three months ending March 31, 2009 and 2010, respectively, the Company recognized approximately $2.0 million and $1.2 million of research and development costs related to three service agreements. As of December 31, 2009 and March 31, 2010, the Company owed Cognate approximately $5.9 and $6.2 million, respectively.

During 2009, the Company and Cognate agreed that most of the accounts payable owed by the Company to Cognate, will be converted into shares of common stock instead of paid in cash. The conversion price will be no less favorable than the conversion price applied to any other creditor of the Company. The impact of the conversion will result in a reduction of liabilities for the amount converted. In addition, the Company will recognize the value of common stock issued in excess of the amount of accounts payable converted, if any, as a charge to operations when the conversion takes place. Initial review of the payables by both parties indicated a difference in the parties respective understanding of the amounts due. The parties are in the process of reviewing the accounts payable in order to reach agreement about such amounts and conversion arrangements.

Toucan Capital Management

In accordance with a recapitalization agreement dated April 26, 2004 between the Company and Toucan Capital, as amended and restated on July 30, 2004 and further amended ten times between October 22, 2004 and November 14, 2005, pursuant to which Toucan Capital agreed to recapitalize the Company by making loans to the Company, the Company accrued and paid certain legal and other administrative costs on Toucan Capital's behalf. Pursuant to the terms of the Conversion Agreement discussed above, the recapitalization agreement was terminated on June 22, 2007. Subsequent to the termination of the recapitalization agreement, Toucan Capital continues to incur costs on behalf of the Company. These costs primarily relate to consulting costs and travel expenses incurred in support of the Company's international expansion efforts. In addition, during 2007, 2008 and 2009 the Company accrued and recorded rent expense due to Toucan Capital Corp. an affiliate of Toucan Capital for its office space in Bethesda, Maryland.

During the three months ending March 31, 2009 and 2010, respectively, the Company recognized approximately nil and $0.8 million of general and administrative costs for rent expense, as well as legal, travel and other costs incurred by Toucan Capital on the Company's behalf. At December 31, 2009 and March 31, 2010, accrued expenses payable to Toucan Capital amounted to $0.5 million and $1.4 million, respectively, and are included in the accompanying consolidated balance sheets.

Also during 2009, the Company agreed with Toucan Capital, Toucan Partners and Linda Powers (the Board's Chairperson) that a portion of the accrued expenses owed by the Company to these parties for certain expense reimbursements will be converted into shares of common stock instead of paid in cash. The parties agreed that these accrued expenses will be converted into common stock (at a conversion rate of $0.20 per share). The impact of the conversion will result in a reduction of liabilities for the amount converted. In addition, the Company will recognize the value of common stock issued in excess of the amount of the accrued expenses converted, if any, as a charge to operations when the conversion takes place. Finalization of these arrangements is in process.

8. Contingencies and Commitments

The Company terminated its lease with Toucan Capital Corporation on December 31, 2009. The Company is obligated to make monthly payments of approximately $5,000 during 2010 and 2011 and other amounts thereafter under the terminated lease. Management is not able to estimate the amount of obligations subsequent to 2011.

On March 17, 2010, we entered into a non-cancelable operating lease for 7,097 square feet of office space in Bethesda, Maryland, which expires in September 2012. Future minimum lease payments under the lease are $73,188, $163,475, $126,027, in 2010, 2011 and 2012, respectively. Rent expense for the three months ended March 31, 2009 and 2010 amounted to nil and $5,975, respectively. The Company expects to lease part of this space to Toucan and proceeds of this sublease, if any, will be offset against the minimum lease payments specified above.

As of March 31, 2010, the Company has no other contractual commitments which result in material financial obligations other than the month to month agreement with Cognate and office lease.

9. Stockholders' Equity (Deficit)

Common Stock Issuances

Between February 22, 2010 and March 31, 2010, we sold 1,451,666 shares of common stock at $0.75 per share for net proceeds of $1,088,750.

During the three months ended March 31, 2010, accrued interest payable to Al Rajhi under the promissory note dated May 12, 2008 amounting to $853,952 was converted into 1,138,603 shares of common stock at a conversion rate of $0.75 per share. The fair value of the common stock issued in excess of the accrued interest payable converted into common stock amounted to $194,761 and is recorded as charge to interest expense in the accompanying consolidated financial statements.

During the three months ended March 31, 2010, we issued 358,850 shares of common stock valued at $278,390 based on the closing market price on the date of issuance of the shares to employees in lieu of cash payment of salaries.

During three months ended March 31, 2010, we issued 305,167 shares of common stock for services valued at $262,444 based on the closing market price on the date of issuance of the shares.

Stock Purchase Warrants

During 2009, Al Rajhi agreed to extend the due date of the May 12, 2008 promissory note in the amount of $4 million, to December 31, 2009. As consideration for the extension of the due date to December 31, 2009, the Company issued Al Rajhi warrants to purchase 1,743,111 shares of common stock at an exercise price of $0.63 for three years. During February 2010, Al Rajhi agreed to extend the due date of the promissory note to December 31, 2010. As consideration for the extension of the due date of the promissory note to December 31, 2010, the Company extended the term of the warrants by one year. The warrants now expire in September 2013. Upon extending the term of the warrants, the Company recognized the increase in the fair value of the warrants amounting to $53,018 as a charge to interest expense in the accompanying consolidated financial statements. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, risk-free interest rate of 1.98% volatility of 201%, and a contractual life of 4 years.

During the three months ended March 31, 2010, the Company, Toucan Partners, and Toucan Capital agreed to extend the term of various warrants to purchase shares of common stock an additional three years. The extension of the term applies to 7,884,357 warrants with an exercise price of $0.15 held by Toucan Capital, 132,500 warrants with an exercise price of $0.40 held by Toucan Partners, 14,150,732 warrants with an exercise price of $0.60 held by Toucan Capital, and 8,832,541 warrants with an exercise price of $0.60 held by Toucan Partners. Upon extending the term of the warrants, the Company recognized the increase in the fair value of the warrants amounting to $1,500,722 as a charge to interest expense in the accompanying consolidated financial statements. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, risk-free interest rate of 2.46% volatility of 217%, and a contractual life of 5 years.

During the three months ended March 31, 2010, the Company issued warrants to purchase 100,000 shares of common stock at an exercise price of $0.75 for three years to a consultant. The fair value of the warrants amounting to $72,494 was charged to general and administrative expense in the accompanying consolidated financial statements and was determined using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, risk-free interest rate of 1.7% volatility of 198%, and a contractual life of 3 years.

10. Subsequent Events

As of May 1, 2010 we raised a total of $1.35 million through a series of small transactions in an ongoing private placement totaling 1,799,996 shares of common stock. In connection with this private placement the Company issued warrants to purchase 180,000 shares of common stock at an exercise price of $0.75 per share. The fair value of the warrants amounting to $192,096 was determined using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, risk-free interest rate of 1.4% volatility of 198%, and a contractual life of 3 years.

In April 2010, we issued 34,085 shares of common stock for services valued at $25,800 based on the closing market price on the date of issuance of the shares.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes to those statements included with this report. In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. The words “believe,” “expect,” “intend,” “anticipate,” and similar expressions are used to identify forward-looking statements, but some forward-looking statements are expressed differently. Many factors could affect our actual results, including those factors described under “Risk Factors” elsewhere in this report. These factors, among others, could cause results to differ materially from those presently anticipated by us. You should not place undue reliance on these forward-looking statements.

Overview

We are a development stage biotechnology company focused on discovering, developing and commercializing immunotherapy products that generate and enhance immune system responses to treat cancer. Data from our clinical trials suggest that our cancer therapies significantly extend both the time to recurrence and survival, while providing a superior quality of life with no debilitating side effects when compared with current therapies.

Our financing activities are described below under "— Liquidity and Capital Resources". We will need to raise additional capital to fund our operations, including our Phase II DCVax ® -Brain clinical trial. Depending on the trial results, we plan to seek product approval for DCVax ® -Brain, our leading product candidate, in both the U.S. and E.U.

We have experienced recurring losses from operations and have a deficit accumulated during the development stage of $195.7 million at March 31, 2010. In addition, our independent registered public accounting firm has indicated in its report on our financial statements included in this Annual Report on Form 10-K that there is substantial doubt about our ability to continue as a going concern.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The critical accounting policies that involve significant judgments and estimates used in the preparation of our financial statements are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2009.

Recent Accounting Pronouncements

See Note 2 to Condensed Consolidated Financial Statements in this Form 10-Q

Results of Operations

Operating costs:

Operating costs and expenses consist primarily of research and development expenses, including clinical trial expenses which increase when we are actively participating in clinical trials, and general and administrative expenses.

Research and development:

Discovery and preclinical research and development expenses include scientific personnel-related salary and benefit expenses, costs of laboratory supplies used in our internal research and development projects, travel, regulatory compliance, and expenditures for preclinical and clinical trial operation and management when we are actively engaged in clinical trials.

Because we are a development stage company, we do not allocate research and development costs on a project basis. We adopted this policy, in part, due to the unreasonable cost burden associated with accounting at such a level of detail and our limited number of financial and personnel resources. We shifted our focus, starting in 2002, from discovering, developing, and commercializing immunotherapy products to conserving cash and primarily concentrating on securing new working capital to re-activate our two DCVax® clinical trial programs.

General and administrative:

General and administrative expenses include administrative personnel related salary and benefit expenses, cost of facilities, insurance, travel, legal support, property and equipment and amortization of stock options and warrants.

Three Months Ended March 31, 2010 and 2009

We recognized a net loss of $5.8 million for the three months ended March 31, 2010 compared to a net loss of $4.6 million for the three months ended March 31, 2009. The increase in net loss was primarily attributable to an increase in debt discount and interest associated with notes payable that were outstanding during the three month period ended March 31, 2010. In addition, we incurred $1.6 million of expense from the modification of warrant agreements during the 2010 period.

Research and Development Expense. Research and development expense decreased from $2.5 million for the three months ended March 31, 2009 to $2.0 million for the three months ended March 31, 2010. This decrease was primarily due to reduced staffing in 2010.

General and Administrative Expense. General and administrative expense was $1.3 million for the three months ended March 31, 2009 compared to $1.4 million for the three months ended March 31, 2010.

Interest (Expense). Interest expense increased from $0.8 million for the three months ended March 31, 2009 to $2.5 million for the three months ended March 31, 2010. Interest expense for the three-month period ended March 31, 2010 was primarily related to the debt discount and interest expense associated with our outstanding notes payable that were outstanding during the three month period ended March 31, 2010. In addition, interest expense includes $1.6 million of expense from the modification of warrant agreements during the 2010 period.

Liquidity and Capital Resources

At March 31, 2010, cash totaled $94,000, compared to $65,000 at December 31, 2009. Working capital was a deficit of $19.9 million at March 31, 2010, compared to a deficit of $19.3 million at December 31, 2009. The working capital deficit increased as of March 31, 2010 primarily due to an increase in current liabilities due to an increase in notes payable in 2010. Cash balances increased during the quarter ended March 31, 2010 due primarily to the financing transactions discussed below that were executed in 2010.

The change in cash for the periods presented was comprised of the following (in thousands):

	March 31, 2009	March 31, 2010	Change
Net cash provided by (used in):			
Operating activities	$ (1,296)	$ (1,958)	$ (662)
Investing activities	(2)	(—)	2
Financing activities	1,789	1,964	175
Effect of exchange rates on cash	59	23	(38)
Increase in cash	$ 550	$ 29	$ (521)

Operating Activities

We used $2.0 million in cash for operating activities during the three months ended March 31, 2010. The increase in cash used in operating activities was a result of the reductions accounts payable and accounts payable related parties.

Investing Activities

Investing activities for the periods presented are not material.

Financing Activities

During the three months ended March 31, 2010, our financing activities consisted of proceeds from notes payable amounting to $0.9 million and proceeds from the issuance of common stock amounting to $1.1 million. The 2010 financing transactions consisted of:

Between February 22, 2010 and March 31, 2010, we sold 1,451,666 shares of common stock at $0.75 per share for net proceeds of $1,088,750.

On dates between January 8, 2010 and March 29, 2010, the Company received $875,000 upon issuing a series of small unsecured 6% convertible loan agreements and promissory notes due between January and March 2012 to a group of Private Lenders.

During three months ended March 31, 2009, our financing activities consisted of proceeds from notes payable amounting to $0.8 million and proceeds from the issuance of common stock amounting to $1.0 million. The 2009 financing transactions consisted of:

During the three months ended March 31, 2009 we received $1.0 million from the issuance of 2.4 million shares of common stock. Stock subscriptions receivable amounting to $0.4 million related to these shares were collected during April 2009.

During March 2009, the Company received $760,000 upon issuing unsecured 6% convertible loan agreements and promissory notes due in March 2011 to a group of private lenders.

We estimate that our current funding is sufficient to enable us to proceed with our current (reduced) activities under our DCVax ® -Brain program. Our ongoing funding requirements will depend on many factors, including the number of staff we employ, the pace of patient enrollment in our brain cancer trial, the cost of establishing clinical studies and compassionate use/named patient programs in other countries, and unanticipated developments, including potential adverse developments in pending litigation and/or regulatory matters. Without additional capital, we will not be able to proceed with significant enrollment in our DCVax ® -Brain clinical trial or move forward with compassionate use/named patients programs or with any of our other product candidates for which investigational new drug applications have been cleared by the FDA. We will also be constrained in developing our second generation manufacturing processes, which offer the potential for significant reduction in product costs.

Additional funding will be required in the near future and there can be no assurance that our efforts to seek such funding will be successful. If our capital raising efforts are unsuccessful, our inability to obtain additional cash as needed could have a material adverse effect on our financial position, results of operations and our ability to continue our existence. Our independent registered public accounting firm has indicated in its report on our financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2009 that there is substantial doubt about our ability to continue as a going concern. We may seek additional funds through the issuance of additional common stock or other securities (equity or debt) convertible into shares of common stock, which could dilute the ownership interest of our stockholders. We may seek funding from Toucan Capital or Toucan Partners or their affiliates or other third parties. Such parties are under no obligation to provide us any additional funds, and any such funding may be dilutive to stockholders and may contain restrictive covenants that could limit our ability to take certain actions.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for smaller reporting companies.

Item 4T. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive, financial and accounting officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive, financial and accounting officer concluded that, as of March 31, 2010, in light of the material weaknesses described below, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our chief executive officer, financial and accounting officer, to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods prescribed by the SEC.

Management's Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive, financial and accounting officer, we conducted an evaluation of the effectiveness of our internal controls over financial reporting as of March 31, 2010. This evaluation was based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Based on management's evaluation as of March 31, 2010, our management identified the material weaknesses set forth below in our internal control over financial reporting:

(i) The Company's process for internally reporting material information in a systematic manner to allow for timely filing of material information is ineffective, due to its inherent limitations from being a small company, and there exist material weaknesses in internal control over financial reporting that contribute to the weaknesses in our disclosure controls and procedures. These weaknesses include the lack of:

- appropriate segregation of duties;
- appropriate oversight and review;
- internal accounting technical expertise;
- preparation, review and verification of internally developed documentation;
- controls in place to insure that all material developments impacting the financial statements are reflected; and
- executed agreements for significant contracts.

(ii) Lack of a sufficient number of independent directors for our board and audit committee. We currently only have one independent director on our board, which is comprised of three directors, and on our audit committee. Although we are considered a controlled company, whereby a group holds more than 50% of the voting power, and as such are not required to have a majority of our board of directors be independentit is our intention to have a majority of independent directors in due course.

(iii) Lack of a financial expert on our audit committee. We currently do not have an audit committee financial expert, as defined by SEC regulations on our audit committee as defined by the SEC.

(iv) Insufficient corporate governance policies. Although we have a code of ethics which provides broad guidelines for corporate governance, our corporate governance activities and processes are not always formally documented. Specifically, decisions made by the board to be carried out by management should be documented and communicated on a timely basis to reduce the likelihood of any misunderstandings regarding key decisions affecting our operations and management.

(v) Inadequate approval and control over transactions and commitments made on our behalf by related parties. Specifically, during the year certain related party transactions were not effectively communicated to all internal personnel who needed to be involved to account for and report the transaction in a timely manner. This resulted in material adjustments during the quarterly reviews and annual audit, respectively, that otherwise would have been avoided if effective communication and approval processes had been maintained.

Our company's management concluded that in light of the material weaknesses described above, our company did not maintain effective internal control over financial reporting as of March 31, 2010 based on the criteria set forth in Internal Control—Integrated Framework issued by the COSO.

Changes in Internal Control over Financial Reporting

There has been no change in our internal controls over financial reporting that occurred during the fiscal quarter ended March 31, 2010 that has materially affected, or is reasonably expected to materially affect, our internal controls over financial reporting.

Inherent Limitations

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Part II — Other Information

Item 1. Legal Proceedings

From time to time, we are involved in claims and suits that arise in the ordinary course of our business. Although management currently believes that resolving any such claims against us will not have a material adverse impact on our business, financial position or results of operations, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. In addition to any such claims and suits, we are involved in the following legal proceedings.

SOMA Arbitration

Soma Partners, LLC

Soma Partners, LLC ("Soma"), a New Jersey-based investment bank, which we engaged to locate potential investors. filed an arbitration claim against us in January, 2003 with the American Arbitration Association in New York, NY claiming unpaid commission fees of $186,000 and seeking potential fees for future transactions that may be undertaken by us with Toucan Capital. Soma subsequently filed an amended arbitration claim, claiming unpaid commission fees of $339,000, warrants to purchase 6% of the aggregate securities issued to date and fees for future financing transactions which may be undertaken by us with Toucan Capital and others, plus attorneys' fees and costs related to the proceedings. On May 24, 2005; the arbitrator ruled in our favor that we did not owe Soma the fees and warrants sought by Soma, that we would not owe Soma fees in connection with future financings, if any, and that we had no obligation to pay any of Soma's attorneys' fees or expenses. The arbitrator agreed with us that the only amount we owed Soma was $6,702.87, which payment we made on May 27, 2005.

On August 29, 2005, Soma filed a notice of petition to vacate the May 24, 2005 arbitration award with the Supreme Court of the State of New York. On December 30, 2005, the Supreme Court of the State of New York dismissed Soma's petition. On June 19, 2007, the Appellate Division, First Department of the Supreme Court of the State of New York, reversed the December 30, 2005 decision and ordered a new arbitration proceeding. On July 26, 2007, we filed a Motion for Leave to Appeal with the Court of Appeals of the State of New York and on October 16, 2007, the Court of Appeals York denied our motion to appeal. A new arbitration hearing was held in New York and on September 4, 2009 the Arbitrators denied Soma's claims and ruled that the administrative fees of the American Arbitration Association totaling $7,450 and the compensation of the arbitrators totaling $57,013 shall be borne equally by both parties. As a result the Company was required to reimburse Soma the sum of $2,650 representing the portion of the fees in excess of the apportioned costs previously incurred by Soma. The award was in settlement of all claims and counterclaims submitted to the arbitration. All claims not expressly granted in the arbitration were denied.

Lonza Patent Infringement Claim

On July 27, 2007, Lonza Group AG (“Lonza”) filed a complaint against us in the United States District Court for the District of Delaware alleging patent infringement relating to recombinant DNA methods, sequences, vectors, cell lines and host cells. The complaint sought temporary and permanent injunctions enjoining us from infringing Lonza’s patents and unspecified damages. On November 27, 2007, the complaint was dismissed from the United States District Court for the District of Delaware. Also on November 27, 2007, a new complaint was filed by Lonza in the United States District Court for the District of Maryland. The new complaint alleged the same patent infringement relating to recombinant DNA methods, sequences, vectors, cell lines and host cells by the Company’s DCVax ®.

On April 14, 2008, we and Lonza entered into a binding agreement to settle the dispute. Under the terms of the settlement, we did not pay any monetary or other consideration to Lonza nor did we acquire any license from Lonza. The only action to which we agreed was to destroy any recombinant modified prostate specific membrane antigen or cell lines using Lonza’s GS Expression System currently in our possession which had been manufactured by and purchased from Medarex Inc. more than six years ago, as well as any documentation received from Medarex on know–how regarding the use of the GS Expression System and cell lines. On May 14, 2008 the parties filed a Joint Stipulation of Dismissal of the Lawsuit with Prejudice, including all claims and counterclaims therein.

Stockholder Class Action Lawsuits

On August 13, 2007, a complaint was filed in the U.S. District Court for the Western District of Washington naming the Company, the Chairperson of its Board of Directors, Linda F. Powers, and its Chief Executive Officer, Alton L. Boynton, as defendants in a class action for violation of federal securities laws. After this complaint was filed, five additional complaints were filed in other jurisdictions alleging similar claims. The complaints were filed on behalf of purchasers of the Company’s Common Stock between July 9, 2007 and July 18, 2007 and allege violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The complaints seek unspecified compensatory damages, costs and expenses. On December 18, 2007, a consolidated complaint was filed in the U.S. District Court for the Western District of Washington consolidating the stockholder actions previously filed. The putative securities class action lawsuit, *In re Northwest Biotherapeutics, Inc. Securities Litigation*, No. C-07-1254-RAJ was settled with prejudice January 8, 2009. The Company has agreed to pay in settlement US$1 million. In accordance with the stipulation the insurance company has directly deposited the $1,000,000 in a court controlled escrow account. The case alleged that the Company misrepresented certain facts that resulted in the artificial inflation of the price of Northwest Biotherapeutics publicly-traded common stock between April 17, 2007 and July 18, 2007. The Company disputed the allegations of the lawsuit, and denied that there was any such misrepresentation or that the shares of Northwest Biotherapeutics common stock were artificially inflated. Nevertheless the Company settled the lawsuit to avoid potentially expensive and protracted litigation. The Class Action Lawsuit final settlement was approved by the Court, and the case was dismissed with prejudice on June 16, 2009. Additional details about the settlement can be found in the formal settlement documents, which are available from the United States District Court for the Western District of Washington.

We have no other legal proceedings pending at this time.

Item 1A. ***Risk Factors***

Not required for smaller reporting companies

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

Between February 22, 2010 and March 31, 2010, we sold 1,451,666 shares of common stock at a purchase price of $0.75 per share for net proceeds of $1,088,750.

On February 22, 2010, we agreed to extend the term of the note made in favor of Al Rajhi in the principal amount of $4 million issued on May 12, 2008 from December 31, 2009 to December 31, 2010. Additionally, Al Rajhi agreed to convert the interest accrued pursuant to the promissory into shares of common stock. A total of $853,952 was converted into 1,138,603 shares of common stock at a conversion price of $0.75. In consideration of the extension, the Company agreed to extend by one year the term of the warrants issued to Al Rajhi.

The sales of the securities identified above were made pursuant to privately negotiated transactions that did not involve a public offering of securities and, accordingly, we believe that these transactions were exempt from the registration requirements of the Securities Act pursuant to Section 4(2) of the Securities Act and Rule 506 of Regulation D. The agreements executed in connection with this sale contain representations to support the Company’s reasonable belief that the Investor had access to information concerning the Company’s operations and financial condition, the Investor acquired the securities for their own account and not with a view to the distribution thereof in the absence of an effective registration statement or an applicable exemption from registration, and that the Investor are sophisticated within the meaning of Section 4(2) of the Securities Act and are “accredited investors” (as defined by Rule 501 under the Securities Act). In addition, the issuances did not involve any public offering; the Company made no solicitation in connection with the sale other than communications with the Investor; the Company obtained representations from the Investor regarding their investment intent, experience and sophistication; and the Investor either received or had access to adequate information about the Company in order to make an informed investment decision. All of the foregoing securities are deemed restricted securities for purposes of the Securities Act.

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

3.1	Seventh Amended and Restated Certificate of Incorporation (3.1)(1)
3.2	Third Amended and Restated Bylaws (3.1)(2)
3.3	Amendment to the Seventh Amended and Restated Certificate of Incorporation (3.2)(2)
3.4	Amendment to Seventh Amended and Restated Certificate of Incorporation (3.4)(3)
*10.1	Lease Agreement
*31.1	Certification of President (Principal Executive Officer and Principal Financial and Accounting Officer), Pursuant to Exchange Act Rules 13a-14 (a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of President, Chief Executive Officer and Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the exhibit shown in the preceding parentheses filed with the Registrant's registration statement Form S-1 (File No. 333-67350) on July 17, 2006.

(2) Incorporated by reference to the exhibit shown in the preceding parentheses filed with the Registrant's Current Report on Form 8-K on June 22, 2007.

(3) Incorporated by reference to the exhibit shown in the preceding parentheses filed with the Post-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-1 on January 28, 2008.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHWEST BIOTHERAPEUTICS, INC

Dated: May 21, 2010

By: /s/ Alton L. Boynton
Alton L. Boynton
President and Chief Executive Officer
(Principal Executive Officer)

NORTHWEST BIOTHERAPEUTICS, INC.
(A Development Stage Company)

EXHIBIT INDEX

3.1	Seventh Amended and Restated Certificate of Incorporation (3.1)(1)
3.2	Third Amended and Restated Bylaws (3.1)(2)
3.3	Amendment to the Seventh Amended and Restated Certificate of Incorporation (3.2)(2)
3.4	Amendment to Seventh Amended and Restated Certificate of Incorporation (3.4)(3)
*10.1	Lease Agreement
*31.1	Certification of President (Principal Executive Officer and Principal Financial and Accounting Officer), Pursuant to Exchange Act Rules 13a-14 (a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of President, Chief Executive Officer and Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the exhibit shown in the preceding parentheses filed with the Registrant's registration statement Form S-1 (File No. 333-67350) on July 17, 2006.

(2) Incorporated by reference to the exhibit shown in the preceding parentheses filed with the Registrant's Current Report on Form 8-K on June 22, 2007.

(3) Incorporated by reference to the exhibit shown in the preceding parentheses filed with the Post-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-1 on January 28, 2008.

* Filed herewith.

EXHIBIT 10.1

SUBLEASE AGREEMENT

This Sublease Agreement ("**Sublease**") dated as of December 23, 2009, is made by and between **American Capital, Ltd.**, a Delaware corporation (f/k/a American Capital Strategies, Ltd.) ("**Sublandlord**") and **Northwest Biotherapeutics**, **Inc.,** a Delaware corporation ("**Subtenant**").

RECITALS:

A. Pursuant to an Office Lease ("**Original Lease**") dated September 28, 2001 by and between Hampden Square Corporation, a Delaware corporation ("**Landlord**") and Sublandlord, as assignee of Abt Associates, Inc., Sublandlord leased certain premises ("**Prime Lease Premises**") from Landlord consisting of 61,342 rentable square feet ("**RSF**"), in the building located at 4800 Montgomery Lane, Bethesda, Maryland (**"Building**").

B. The Original Lease was amended by a Notice of Lease Term Dates dated as of January 24, 2003 ("**Amendment**" and together with the Original Lease, and as the same may be further amended from time to time, the "**Lease**"). A copy of the Lease is attached hereto as **Exhibit A**.

C. Sublandlord desires to sublease to Subtenant, and Subtenant desires to sublease from Sublandlord, a portion of the Prime Lease Premises constituting approximately 7,097 RSF located on the 8th Floor of the Building, as depicted on **Exhibit B** attached hereto (the "**Subleased Premises**").

Now, therefore, Sublandlord and Subtenant, hereby agree as follows:

1. Sublease Term. The term of this Sublease ("**Sublease Term**") with respect to the Subleased Premises shall commence on the Sublease Commencement Date (hereinafter defined) and shall expire on September 30, 2012 (the "**Sublease Expiration Date**"). Except to the extent expressly provided to the contrary in this Sublease, no termination of this Sublease shall diminish or otherwise affect the liabilities of Subtenant that accrued prior to the effective date of termination. The "**Sublease Commencement Date**" shall be the later of (i) December 1, 2009 and (ii) the date that is one (1) business day after execution and delivery by Landlord, Subtenant and Sublandlord of a sublease consent in substantially the form attached hereto as **Exhibit B** or such other form as Landlord may require ("**Sublease Consent**").

2. Subleased Premises; Subtenant Improvement Allowance.

(a) Except as otherwise expressly provided herein, Subtenant shall accept possession of the Subleased Premises “AS IS” on the Sublease Commencement Date, and Except for the performance of the Sublandlord’s Work (hereinafter defined), Sublandlord shall have no obligation to make any alterations or improvements of any kind to prepare the Subleased Premises for Subtenant’s occupancy; provided, however, that the Subleased Premises shall be delivered in broom clean condition and free from debris. Sublandlord makes no representations or warranties whatsoever with respect to the condition of the Subleased Premises or the building systems serving the Subleased Premises. In entering into this Sublease, Subtenant has not relied upon or been induced by any statement or representation regarding the condition or suitability of the Subleased Premises other than those, if any, set forth in this Sublease. Notwithstanding the foregoing, Sublandlord shall perform the following work at its sole cost prior to the Sublease Commencement Date (**“Sublandlord’s Work**”): Sublandlord shall cause the water supply and drain in the kitchen located in the Subleased Premises to be in good working order and Sublandlord shall repair or replace as necessary the lock on the door to the rear entrance to the Subleased Premises.

(b) Notwithstanding the foregoing, Sublandlord shall make available for the performance of Subtenant’s Work (as hereinafter defined) an allowance (the “**Subtenant Allowance**”) in an amount equal to the product of (a) Six and 00/100 Dollars ($6.00) multiplied by (b) the number of square feet of rentable area comprising the Subleased Premises, or Forty-Two Thousand Five Hundred Eighty-Two and 00/100 Dollars ($42,582.00). Sublandlord shall pay the Subtenant Allowance to Subtenant in no more than three (3) installments. Each installment shall be paid to Subtenant within thirty (30) days following Subtenant’s completion of that portion of Subtenant’s Work for which the request is being made and Sublandlord’s receipt from Subtenant of (i) invoices reasonably evidencing work or services performed with respect to the portion of Subtenant’s Work for the installment of the Subtenant Allowance that is being requested; (ii) receipted bills or other evidence that the aforesaid invoices have been paid in full; and (iii) waivers or releases of liens from each of Subtenant’s contractors, subcontractors and suppliers in connection with the work performed or materials supplied as evidenced by the aforesaid invoices, which waivers and releases may be conditioned upon payment of the amounts set forth therein. Subtenant shall complete the Specified Work (hereinafter defined) not later than May 31, 2010. In addition, Subtenant shall utilize the Subtenant Allowance on or before May 31, 2010. Subtenant shall not be entitled to any Rent abatement, offset or credit if Subtenant fails to use any portion of the Subtenant Allowance on or before May 31, 2010. In the event that Sublandlord fails to pay any portion of the Subtenant Allowance to Subtenant on the date on which such amount is payable to Subtenant in accordance with the terms of this Sublease, and such failure continues for thirty (30) days after Subtenant provides to Sublandlord written notice of such failure, then Subtenant, at its option (exercisable by providing written notice to Sublandlord) and provided Subtenant is not in default under the terms of this Sublease at such time, may offset such unpaid amounts against the next installments of Base Rent coming due hereunder until such amount has been fully applied.

(c) Subtenant shall improve the Subleased Premises in accordance with the Subtenant’s Plans (as hereinafter defined). Subtenant shall submit to Sublandlord and Landlord Subtenant’s final plans and specifications for improvements to the Subleased Premises (the “**Subtenant’s Plans**”), which shall be subject to the prior written approval of Sublandlord and Landlord (the work set forth in the Subtenant’s Plans being hereinafter referred to as “**Subtenant’s Work**”), which approval Sublandlord shall not unreasonably withhold or delay. Notwithstanding anything to the contrary contained in this Sublease, in all events, the scope of Subtenant’s Work shall include installation of a dishwasher in the kitchen, special air conditioning units for the server room, high capacity IT lines to the server room and the conference rooms, removal of one office wall to create a reception area and relocation of a glass door from inside the Subleased Premises to the suite entry, removal of one wall between two existing offices to make a single larger office, and removal of the telephone cabins across the corridor from the conference rooms (collectively, the “**Specified Work**”). Sublandlord acknowledges and agrees that Sublandlord has approved the Specified Work pursuant to plans previously provided by Subtenant to Sublandlord. From and after the date of approval of Sublandlord and Landlord of the Subtenant’s Plans, any changes to the Subtenant’s Plans shall not be binding unless approved in writing by both Sublandlord and Landlord. Sublandlord shall either provide comments to, or approve, Subtenant’s Plans within ten (10) days after its receipt of an electronic version and hard copy of a complete and accurate set of Subtenant’s Plans. If Sublandlord disapproves Subtenant’s Plans, Subtenant shall promptly resubmit Subtenant’s Plans revised to satisfy Sublandlord’s objections. Sublandlord shall either provide additional comments to, or approve, Subtenant’s Plans as revised within ten (10) days after its receipt of same. If Sublandlord does not provide approval or provide any comments with respect to Subtenant’s Plans within such 10-day period, Subtenant may notify Sublandlord in writing that Sublandlord has failed to respond, and if Sublandlord does not provide approval or provide any comments with respect to Subtenant’s Plans within five (5) days after Sublandlord’s receipt of Subtenant’s notice, Subtenant’s Plans shall be deemed to be approved by Sublandlord. Sublandlord’s approval of the Subtenant’s Plans shall constitute approval of Subtenant’s design concept only and shall in no event be deemed a representation or warranty by Sublandlord as to whether the Subtenant’s Plans comply with any and all legal requirements applicable to the Subtenant’s Plans and Subtenant’s Work. Upon completion of Subtenant's Work and as part of the cost of Subtenant's Work, Subtenant will provide Sublandlord and Landlord with final construction documents consisting of two hard copy sets of bluelines and an electronic file in a format reasonably acceptable to Sublandlord. In the performance of Subtenant’s Work, Subtenant shall comply with all applicable laws, codes and regulations. Subtenant shall obtain all permits, certificates and other governmental approvals from all governmental entities having jurisdiction thereover which are necessary for the prosecution and completion of Subtenant’s Work. Subtenant’s Work shall include, but not be limited to, the cost of all permits and governmental inspections, demolition, fire life safety equipment installation, sprinkler relocation (if necessary) and all architectural and engineering fees. Prior to commencing Subtenant’s Work, Subtenant shall provide to Sublandlord the name and address of each contractor and subcontractor which Subtenant intends to employ to perform Subtenant’s Work, the use of which subcontractors and contractors shall be subject to Sublandlord’s prior written approval, which shall not be unreasonably withheld, conditioned or delayed if (1) the contractor or subcontractor is properly licensed and bonded, and (2) neither Sublandlord nor any of its affiliates has had any prior experience with such contractor or subcontractor which was unsatisfactory. Sublandlord shall indicate whether or not it approves any such contractor or subcontractor within seven (7) days after Subtenant’s request for approval. Prior to the commencement of any of Subtenant’s Work, Subtenant shall deliver to Sublandlord, with respect to each contractor and subcontractor which Subtenant intends to employ to perform any of Subtenant’s Work, a certificate of insurance from each such contractor or subcontractor specifying Sublandlord as a named insured and evidencing that each such contractor or subcontractor has obtained the insurance coverages required under the terms of the Lease.

3. Rent.

(a) Commencing on the date that is one hundred twenty (120) days after the Sublease Commencement Date ("**Rent Commencement Date**"), Subtenant shall, without deduction, demand, notice from Sublandlord, or right of offset, pay to Sublandlord for each month during the Sublease Term as annual basic rent ("**Basic Rent**") in the amount set forth in the following table:

Dates	**Basic Rent (Monthly)**
Rent Commencement Date through first day of calendar month following calendar month in which anniversary of Rent Commencement Date occurs (such period, "First Lease Year")	$13,306.88
12- month period following expiration of First Lease Year ("Second Lease Year")	$13,706.08
the period following Second Lease Year through Sublease Expiration Date	$14,117.26

All payments of Basic Rent shall be made in lawful money of the United States, in advance on the first (1^{st}) day of each calendar month during the Sublease Term, the first payment of Basic Rent to be made as of the date this Sublease is executed and applied against the first Basic Rent due hereunder. Payments in respect of a period less than a full calendar month shall be prorated based on the actual number of days in such month during the Sublease Term.

(b) Commencing on November 1, 2010 and continuing through the Sublease Term, in addition to payment of the Basic Rent, Subtenant shall pay to Sublandlord, as to each calendar year or portion thereof during the Sublease Term, as additional rent ("**Passthrough Rent**"), without deduction, demand, notice from Sublandlord, or right of offset, (i) Subtenant's Percentage Share (as hereafter defined) of the amount by which Operating Expenses (as defined in the Lease) for such calendar year exceed Operating Expenses in calendar year 2010 ("**Subtenant's Expense Payment**") and (ii) Subtenant's Percentage Share of the amount by which Tax Expenses (as defined in the Lease) for such calendar year exceed the Tax Expenses in calendar year 2010 ("**Subtenant's Tax Payment**"). As used herein, "**Subtenant's Percentage Share**" shall mean Four and 85/100 percent (4.85%) (7,097 divided by 146,189). At Subtenant's request, Sublandlord shall deliver to Subtenant any statements, invoices, or other materials delivered to Sublandlord by or at the direction of Landlord with respect to the Passthrough Rent. Subtenant shall have no right to dispute the Operating Expenses and Tax Expenses once the same is agreed upon by or adjudicated, pursuant to any dispute mechanism is set forth in the Lease or applicable at law, by Sublandlord and Landlord. The obligations to make payments hereunder, which obligations arise during and relate to the period prior to termination or expiration of this Sublease, shall survive the termination or expiration of this Sublease.

(c) "**Rent**" shall mean all Basic Rent, Passthrough Rent and all other monies due by Subtenant under the terms of this Sublease. Any payment of Rent not paid within five (5) days of the due date thereof shall be subject to a late charge of six percent (6%) of the amount of such installment. Any amount due from Subtenant to Sublandlord that is not paid when due shall bear interest at an interest rate equal to the Prime Rate published from time to time in the Money Rates column of *The Wall Street Journal* plus 5% (or, if lower, the highest rate then allowed under the usury laws of the State of Maryland) from the date due until the date paid. The right of Sublandlord to charge a late charge and interest with respect to past due installments of Rent is in addition to Sublandlord's other rights and remedies in the event of a default by Subtenant hereunder.

4. Security Deposit.

(a) Contemporaneously upon execution of this Sublease, Subtenant shall deposit with Sublandlord cash in the amount of $13,306 ("Security Deposit") as security for the faithful performance and observance by Subtenant of the terms, provisions, covenants and conditions of this Sublease. Failure to deliver the same upon execution of this Sublease shall render this Sublease void ab initio. In the event Subtenant defaults in respect of any of the terms, provisions, covenants and conditions of this Sublease after all applicable notice and cure periods have passed, including, but not limited to, the payment of Rent, Sublandlord may use, apply or retain the whole or any part of the Security Deposit to the extent required for the payment of any Rent and any other sum as to which Subtenant is in default or for any sum which Sublandlord may expend or may be required to expend by reason of Subtenant's default in respect of any of the terms, provisions, covenants and conditions of this Sublease, including but not limited to, any damages or deficiency accrued before or after summary proceedings or other re-entry by Sublandlord. In the event that Subtenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Sublease, the Security Deposit shall be returned to Subtenant promptly after the date fixed as the end of this Sublease and after delivery of entire possession of the Subleased Premises to Sublandlord. In the event of an assignment by Sublandlord of its interest in the Lease, Sublandlord shall transfer the Security Deposit to the assignee and shall provide Subtenant with a written notice indicating the name and address of the assignee. In such event, Sublandlord shall thereupon be released by Subtenant from all liability for the return of such Security Deposit, and Subtenant agrees to look solely to the new Sublandlord for the return of said Security Deposit; and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the Security Deposit to a new Sublandlord.

(b) In the event that Subtenant defaults in respect of any of the terms, provisions, covenants and conditions of the Sublease and Sublandlord utilizes all or any part of the security represented by the Security Deposit, Sublandlord may, in addition to terminating this Sublease and exercising any other rights and remedies that Sublandlord may have under the Lease, or at law or in equity, retain the unapplied and unused balance of the principal amount of the Security Deposit as security for the faithful performance and observance by Subtenant thereafter of the terms, provisions, and conditions of this Sublease, and may use, apply, or retain the whole or any part of said balance to the extent required for payment of Rent, additional rent, or any other sum as to which Subtenant is in default (after all applicable notice and cure periods set forth herein have passed) or for any sum which Sublandlord may expend or be required to expend by reason of Subtenant's default in respect of any of the terms, covenants, and conditions of this Sublease (after all applicable notice and cure periods set forth herein have passed). In the event Sublandlord, in accordance with the terms of this Sublease, applies or retains any portion or all of the Security Deposit delivered hereunder, Subtenant shall forthwith restore the amount so applied or retained so that at all times the amount deposited shall be equal to the security required by Section 4(a).

5. Furniture, Equipment and Signage.

(a) Subtenant shall be responsible for providing its own furniture, fixtures, equipment and cabling at its sole cost and expense. Sublandlord shall have no obligation to provide any of the foregoing.

(b) Sublandlord shall have the one-time obligation to use reasonable efforts promptly following the Sublease Commencement Date to cause to be installed at Sublandlord’s cost building standard suite entry signage identifying Subtenant and three of its affiliates, namely Toucan Capital, HealthBank and Oncocidex (collectively, the “**Named Affiliates**”) at the main entrance to the Subleased Premises, which signage and the final location of the same shall be subject to the approval of Sublandlord and Landlord (to the extent required by the Lease). Following the Sublease Commencment Date, Sublandlord shall have the one-time obligation to seek to obtain from Landlord and make available to Subtenant (at Landlord’s customary charge) Subtenant’s pro rata share of directory strips for up to four (4) company names on the main directory board in the Building lobby identifying Subtenant and the Named Affiliates. Upon the Sublease Expiration Date, Subtenant shall remove all suite entry signage and repair any damage resulting therefrom, at Subtenant’s sole cost and expense.

6. Access; Use.

(a) Subject to the terms and conditions set forth in the Lease, Subtenant shall have access to the Subleased Premises twenty-four (24) hours per day, three hundred sixty-five (365) days per year and Landlord's electronic security and control system will be used for Building access after normal Building hours.

(b) Sublandlord shall have the right, at all reasonable times, upon reasonable notice (except in an emergency) to enter upon the Subleased Premises and to examine and inspect the Subleased Premises and exercise its rights hereunder. Landlord shall have the right to access the Subleased Premises in accordance with the terms of the Lease. In exercising its rights under this paragraph, Sublandlord shall exercise reasonable diligence to minimize interference with Subtenant's use and enjoyment of the Subleased Premises, provided that in the event of an emergency, Sublandlord's obligation with respect to minimizing interference with Subtenant's use and enjoyment of the Subleased Premises shall be limited to the extent that is reasonable under the circumstances of such emergency.

(c) Subtenant shall not use, nor suffer or permit any other person(s) to use, the Subleased Premises for any purpose whatsoever other than any as general office purposes, consistent with similar first-class office buildings in downtown Bethesda, Maryland. In no event shall Subtenant use the Subleased Premises, or suffer or permit the Subleased Premises to be used, for any unlawful activity or purpose or in any unlawful manner or in violation of any order, ordinance, regulation or rules of any governmental or quasi-governmental body, or for residential purposes. Subtenant shall not commit or allow any waste or damage to be committed on any portion of the Subleased Premises.

(d) Subtenant shall at all times comply with any rules and regulations (including parking rules and regulations) as may be promulgated from time to time by Landlord for the Building (including the Rules and Regulations described in the Lease).

7. Covenant of Quiet Enjoyment. Sublandlord hereby covenants that if and so long as Subtenant performs every obligation of Subtenant under this Sublease subject to the notice and cure provisions herein, then, subject to the other provisions of this Sublease, Subtenant shall peaceably and quietly enjoy the Subleased Premises during the Sublease Term without hindrance by Sublandlord or any person lawfully claiming through or under Sublandlord.

8. Alterations. Subtenant shall not make any alterations or leasehold improvements to the Subleased Premises without the prior consent of Sublandlord, which consent shall not be unreasonably withheld or delayed, nor without the prior consent of Landlord in accordance with the terms of the Lease. It shall be deemed reasonable for Sublandlord to disapprove or condition any alteration disapproved by, or as to which similar conditions are imposed by, Landlord (whether or not reasonable). Except for Sublandlord's obligation to pay the Tenant Allowance to Subtenant in accordance with this Sublease, and except for Sublandlord's obligation to cause the water supply and drain in the kitchen to be in full working order on or prior to the Sublease Commencement Date, Subtenant shall be responsible for all costs associated with any modifications or alterations to the Subleased Premises, including without limitation the costs of all design, architectural and engineering work related thereto, construction management fees, construction costs of alterations, costs of cabling, costs for installation of equipment, fixtures and furnishings and/or modifications to existing systems, equipment, fixtures and furnishings, all governmental and quasi-governmental approvals and permits required therefor, construction supervision or management fees of Landlord and/or Sublandlord, and all other direct and indirect construction costs applicable to Subtenant and the Subleased Premises and all moving expenses.

9. Services. Pursuant to the Lease, Landlord is obligated to provide to the Subleased Premises on behalf of Sublandlord interior climate control, janitorial and cleaning, access control, elevator, and utility services. Sublandlord shall cooperate with Subtenant and shall use such reasonable efforts, at Subtenant's sole cost and expense, to cause Landlord to provide such services and perform such obligations for the benefit of Subtenant. Sublandlord shall not be obligated to perform and shall not be liable for the performance by Landlord of any of the obligations assumed and undertaken by Landlord under the Lease, and Subtenant shall have no claim against Sublandlord by reason of any default upon the part of Landlord or any failure on the part of Landlord to provide any service or perform any other obligation that Landlord is obligated to provide or perform under the Lease. Notwithstanding the foregoing, Sublandlord shall use commercially reasonable efforts to enforce its rights to receive services from Landlord in accordance with the terms of the Lease.

10. Insurance.

(a) Subtenant shall obtain and keep in force during the Sublease Term all insurance policies required to be maintained by the Tenant under and in accordance with the terms of the Lease, including without limitation Section 10.3 of the Lease. Subtenant shall name Sublandlord as an additional insured in any case where Subtenant is required to name Landlord as an additional insured under the terms of the Lease. In addition, Subtenant shall maintain insurance covering Subtenant's trade fixtures, furniture, equipment, other personal property and any alterations or improvements made to the Subleased Premises by or on behalf of Subtenant against such other perils and in such amounts as Sublandlord may from time to time reasonably require upon not less than ninety (90) days' prior notice. Not later than the Sublease Commencement Date, and not less than thirty (30) days prior to the expiration date of each policy providing all or part of the insurance required above, Subtenant shall furnish to Sublandlord certificates or other proof of Subtenant's procurement of the insurance required hereunder which in all cases are acceptable to Sublandlord as to the insurance from time to time required hereby, and such other information as may be reasonably requested by Sublandlord.

(b) Sublandlord and Subtenant each hereby agree to exercise all reasonable commercial diligence to have included in each of its hazard insurance policies pertaining to the Subleased Premises and the property therein, against loss, damage or destruction by fire or other casualty therein covered a waiver of the insurer's right of subrogation against the other party, or, if such waiver should be unattainable or unenforceable, (i) an express agreement that such policy shall not be invalidated if the insured waives, before the casualty, the right of recovery against any party responsible for a casualty covered by the policy or (ii) any other form of permission for the release of the other party. If such waiver, agreement or permission shall not be, or shall cease to be, obtainable (A) without additional charge, or (B) at all, the insured party shall so notify the other party promptly after learning thereof. In the first such case, if the other party shall so elect and shall pay the insurer's additional charge therefor, such waiver, agreement or permission shall be included in the policy. Each party hereby releases the other party with respect to any claim (including a claim for negligence) which it might otherwise have against the other party for loss, damage or destruction with respect to the releasing party's property occurring during the Sublease Term to the extent to which the releasing party is insured and receives proceeds under a policy or policies containing a waiver of subrogation or permission to release liability, as provided in this Section 10 (b). If, notwithstanding the recovery of insurance proceeds by either party for such loss, damage or destruction of its property, the other party is liable to the first party with respect thereto or is obligated under this Sublease to make replacement, repair or restoration or payment, then (provided the first party's right of full recovery under its insurance policies is not thereby prejudiced or otherwise adversely affected) the amount of the net proceeds of the first party's insurance against such loss, damage or destruction shall be offset against the second party's liability to the first party therefor, or shall be made available to the second party to pay for replacement, repair or restoration, as the case may be. Nothing contained in this Section 10(b) shall relieve either party of any duty imposed elsewhere in this Sublease to repair, restore or rebuild the leasehold improvements and alterations in the Subleased Premises.

11. Indemnification. Subtenant hereby indemnifies and holds Sublandlord harmless from and against any and all costs, damages, claims, liability, causes of action, suits, judgments and expenses (including reasonable attorney's fees, disbursements, and actual costs), losses and court costs suffered by or claimed against Sublandlord, directly or indirectly, for death, bodily injury or property damage to the extent based on or arising wholly or substantially out of any negligent acts or omissions of Subtenant or its agents and in respect of all costs, damages, expenses and liabilities incurred by or asserted against Sublandlord in connection with or arising out of all such claims, liability and/or suits, including court costs, reasonable attorneys' fees and the other expenses of any action, proceeding or suit pertaining thereto, except to the extent attributable to the grossly negligent acts or omissions of the Sublandlord or its agents. In addition, Subtenant hereby indemnifies and holds Sublandlord harmless from and against any and all actual out of pocket attorneys' fees and expenses incurred in connection with negotiating this Sublease in the event that the Subleased Premises are recaptured by Landlord pursuant to the terms of the Lease. Except as provided in Section 14 of this Sublease, Subtenant shall not be liable for consequential damages.

12. Default; Remedies. (a) It shall constitute a "**Default**" if any of the following occurs:

(i) Subtenant shall fail to pay Rent, as and when due, and such failure should continue for more than five (5) business days after receipt of written notice of such failure from Sublandlord;

(ii) Subtenant shall default in any other obligation or covenant hereunder, and if such default is curable, if such default shall continue for a period of more than fifteen (15) days after Sublandlord gives written notice to Subtenant specifying the default; provided that, if such default cannot reasonably be cured within such fifteen (15) day period, the cure period therefore shall be extended for such time as is reasonably necessary to effect a cure of such default (but in no event beyond twenty-five (25) days after such notice is given) on the condition that Subtenant immediately commences and continuously diligently pursues such a cure to completion, and that, promptly upon determining that the aforesaid fifteen (15) day cure period is inadequate, Subtenant shall give notice to Sublandlord of the steps being taken to cure such default and the amount of time reasonably estimated by Subtenant to effect such cure; and provided further that, if Subtenant has defaulted in the performance of the same obligation or covenant three or more times during the Sublease Term and notice of such default has been given by Sublandlord in each instance, then no cure period shall thereafter be applicable hereunder;

(iii) the Subleased Premises shall not, without the prior written consent of Sublandlord and Landlord, be occupied by any persons other than Subtenant or its permitted assigns or subtenants (except their respective guests or invitees, on an incidental, non-continuing basis), or be used for any purpose or by any persons other than those permitted hereunder, or if Subtenant shall enter into or purport to enter into any assignment, subletting or other transfer. Notwithstanding the foregoing, Subtenant shall have the right to permit the Named Affiliates to occupy the Subleased Premises so long as the Named Affiliates are under common control with Subtenant.

(iv) Subtenant's interest in this Sublease or the balance of the leasehold interest created by this Sublease, or any material portion of the goods and chattels of Subtenant, shall at any time be seized in execution, attachment or by other judicial process; provided that no such execution, attachment or other judicial process shall constitute a Default if Subtenant shall, contemporaneously with such execution, attachment or other judicial process, provide Sublandlord with evidence reasonably satisfactory to Sublandlord that Subtenant will be able to continue to perform all of Subtenant's obligations hereunder when and as required;

(v) Subtenant shall make any general assignment for the benefit of creditors or become bankrupt or insolvent or take the benefit of any statute for bankrupt or insolvent debtors, or Subtenant shall take any steps or suffer any order to be made for its winding-up or other termination of its existence; or a custodian, trustee, receiver or receiver-manager or agent or other like person shall be appointed for the assets of Subtenant (including where such receiver or like person shall be appointed in an involuntary proceeding, if such appointment shall not be withdrawn within sixty (60) days from the date of appointment); or

(vi) Subtenant shall abandon the Subleased Premises.

(b) Upon the occurrence of any Default, Sublandlord shall have the following rights and remedies, all of which are cumulative and not alternative and are not to the exclusion of any other or additional rights and remedies in law or equity available to Sublandlord by statute or otherwise: (1) cure any Default by making any payments or taking any actions required to do so, and Subtenant shall promptly upon presentation of invoices and reasonable supporting documentation, pay all amounts reasonably incurred by Sublandlord in curing such Default, including court costs and reasonable attorneys' fees and disbursements in connection therewith, together with interest thereon at the rate of ten percent (10%) per year; (2) recover all accrued but unpaid Rent, together with interest thereon at the rate of ten percent (10%) per year; (3) terminate this Sublease by giving notice of such termination to Subtenant, and this Sublease shall immediately and automatically terminate upon the effective date specified in such notice; (4) re-enter and resume possession of the Subleased Premises and remove all persons and property therefrom, by any acts or proceedings available by law, without being liable for any damages therefor, and no such re-entry nor any acceptance of keys from Subtenant or cancellation of Subtenant's security passes shall be deemed an acceptance of the surrender of this Sublease, and in the event of any such re-entry, Subtenant shall remain liable for all Rent for the balance of the Sublease Term; (5) in its name but as agent for Subtenant if this Sublease is not terminated, or in Sublandlord's own behalf if this Sublease is terminated, relet the whole or any portion of the Subleased Premises for any period equal to or greater or less than the period which would have constituted the balance of the Sublease Term, for any sum and on terms and conditions that Sublandlord deems suitable and satisfactory, making such alterations, repairs, or replacements and decorations in and to the Subleased Premises as Sublandlord deems appropriate in its sole discretion for the purpose of re-letting this Premises, and the making of such alterations or repairs, replacements and decorations shall not operate or be construed to release Subtenant from liability under this Sublease; (6) if this Sublease shall be terminated as provided in this paragraph, by summary proceedings or otherwise as a result of any Default, or if Sublandlord shall re-enter the Subleased Premises without also terminating this Sublease, whether the Subleased Premises shall be relet or not, Sublandlord shall be entitled to recover from Subtenant an amount equal to the sum of (a) all accrued and unpaid Rent as of the date of termination or re-entry plus (b) at the election of Sublandlord in its sole discretion either (i) any positive difference between the Rent due hereunder and the rent actually received by reason of any reletting, with any suit brought by Sublandlord to enforce collection of such difference for any one month not prejudicing Sublandlord's right to enforce the collection of any difference for any subsequent month in subsequent separate actions, as said damages shall have been made more easily ascertainable by successive relettings and with Sublandlord not being liable for any failure to relet the Subleased Premises or any part thereof or for any failure to collect any rent due upon any such reletting or (ii) the positive difference between the present value of the sum of the monthly installments of Rent from and after the date of re-entry or termination through the end of the applicable Sublease Term and the present value of the fair market rental value of the Subleased Premises over the same period, which present value is based on a discount rate equal to the then-current average yield on Treasury bonds maturing at approximately the same time as the Sublease Expiration Date; and/or (7) recover all reasonable costs, damages, expenses and fees incurred by Sublandlord in connection with any of the foregoing (including reasonable brokerage fees in connection with any re-letting(s), court costs and reasonable attorneys' fees and disbursements, and any reasonable expense for putting and keeping the Subleased Premises in good order and for making alterations, repairs, replacements and decorations in and to the Subleased Premises and otherwise preparing them for re-letting(s)), which amounts shall be due and payable by Subtenant to Sublandlord on demand. Notwithstanding anything to the contrary contained in this Sublease, Sublandlord shall use reasonable efforts to re-let the Subleased Premises in the event that Sublandlord terminates Subtenant's right to possess the Subleased Premises.

(c) In the event that this Sublease is terminated and/or Subtenant's right to possession of the Subleased Premises has terminated, Subtenant hereby waives: (i) any right to any notice to cure or vacate or to quit provided by any present or future laws; and (ii) any and all rights of redemption under any present or future laws.

(d) Each of Sublandlord and Subtenant agrees to and does hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other in respect of any matters arising out of or in any way connected with this Sublease, the relationship of sublandlord and subtenant, Subtenant's use or occupancy of the Subleased Premises, any claim of injury or damage, or any statutory remedy. Subtenant hereby represents and acknowledges that neither Sublandlord, nor any broker or agent, has represented or otherwise indicated that Sublandlord under any circumstances whatsoever will not seek to enforce this waiver of jury trial.

13. Repairs and Maintenance. Subtenant shall have the sole responsibility, at its expense, to maintain all furnishings and equipment in the Subleased Premises and the improvements and equipment in the Subleased Premises in good condition, repair, and working order, normal wear and tear and damage by insured casualty or accident excepted.

14. Surrender of Premises; Holdover.

(a) Upon the Sublease Expiration Date, Subtenant shall fully vacate and surrender the Subleased Premises to Sublandlord, broom clean and in as good order and condition as they were on the on the date of this Sublease, ordinary wear and tear, and insured casualties and damages caused by the elements, fire and other casualty and accident excepted (provided the insurance proceeds are paid to Sublandlord). If Landlord requires that Subtenant remove any alterations (including the Subtenant's Work) installed by Subtenant, then Subtenant shall cause such alterations to be removed prior to the expiration of the Sublease Term. Sublandlord shall have no obligation to provide notice to Subtenant to remove any such alterations. In the event that Subtenant fails to surrender the Subleased Premises when and in the condition required by this Sublease, Subtenant hereby irrevocably agrees that Sublandlord shall have the right, in its sole discretion, to pursue any legal processes then available to Sublandlord to evict Subtenant from the Subleased Premises.

(b) In the event that Subtenant shall not, on or before the Sublease Expiration Date, have returned the Subleased Premises to Sublandlord fully vacant, broom clean and otherwise in the condition required by this Sublease, then Subtenant shall, by virtue of this Sublease, become a tenant at sufferance at a monthly rental equal to two (2) times the monthly installments of Rent due under the terms of this Sublease, commencing said monthly tenancy with the first day after the end of the Sublease Term. Subtenant, as a tenant at sufferance, shall be subject to all of the conditions and covenants of this Sublease as though the tenancy had originally been a monthly tenancy. During the holdover period, each party hereto shall give to the other at least thirty (30) days' written notice to quit the Subleased Premises, except in the event of nonpayment of monthly installments of Rent when due, or of the breach of any other covenant by Subtenant, in which event Subtenant shall not be entitled to any notice to quit, the usual thirty (30) days' notice to quit being expressly waived. Notwithstanding the foregoing, if Sublandlord shall desire to regain possession of the Subleased Premises promptly at the expiration of the Sublease Term or any extension thereof, Sublandlord may re-enter and take possession of the Subleased Premises by any legal action or process in force in the State of Maryland, without any notice to quit being required, such notice to quit being hereby waived, and Subtenant shall indemnify and hold harmless Sublandlord for all damages, whether direct, special, actual, indirect, or otherwise, as may be incurred by Sublandlord as a result thereof, including without limitation (i) all reasonable attorneys' fees and other costs and expenses of Sublandlord incurred thereby, (ii) the cost of restoring the Subleased Premises to the condition required by this Sublease as of the Sublease Expiration Date, and (iii) any damages, claims, expenses or losses that Sublandlord incurs as a result of Subtenant's holdover (such as, without limitation, holdover damages under the Lease).

15. Notices.

(a) Notices and other communications between Subtenant and Sublandlord in connection with this Sublease shall be in writing and shall be deemed given upon delivery by hand, overnight courier, or by certified mail, return receipt requested, to Sublandlord and to Subtenant at the following addresses. Notices shall be deemed given as of the date received, or the date such notices would have been received but for the addressee's refusal thereof:

If to Subtenant:

Northwest Biotherapeutics, Inc.
4800 Montgomery Lane
Bethesda, Maryland 20814
Attention: Linda Powers

with a copy to:

McMillan Metro, P.C.
1901 Research Boulevard, Suite 500
Rockville, Maryland 20850
Attention: Michael A. Faerber

If to Sublandlord:

Attention: Christopher Smith
American Capital, Ltd.
2 Bethesda Metro Center, 14th Floor
Bethesda, MD 20814

with a copy to:

Arnold & Porter LLP
555 12th Street, N.W.
Washington, D.C. 20004
Attention: Kenneth L. Schwartz

Either party may change its recipient and address for notices by a notice to the other in accordance with the foregoing.

(b) Subtenant shall promptly furnish Sublandlord with copies of all notices that it receives from Landlord and Sublandlord shall promptly furnish Subtenant with copies of all notices that Sublandlord receives from Landlord relating to the Subleased Premises.

16. Relationship to Lease.

(a) Subject to Section 16(b) of this Sublease, notwithstanding anything to the contrary in this Sublease, in the event that the Lease is terminated prior to its scheduled expiration date, this Sublease shall thereupon immediately terminate.

(b) Sublandlord hereby agrees not voluntarily to permit any termination of the Lease (except as a result of casualty or condemnation or other rights Sublandlord has in the Lease to terminate the same). This Section 16(b) shall not apply to any modifications to rules and regulations (including parking rules and regulations) as may be promulgated from time to time.

(c) Subtenant acknowledges that it has received and reviewed the Lease (redacted to delete certain business or confidential terms). Subtenant's rights pursuant to this Sublease are subject and subordinate at all times to the Lease and to all of the terms, covenants, and agreements of the Lease, except as expressly modified by this Sublease. Subtenant shall not do or permit anything to be done in, or in connection with Subtenant's use or occupancy of, the Subleased Premises, which would violate any of the unredacted terms, covenants, or agreements of the Lease. Except as modified hereby, Subtenant covenants and agrees to perform, observe and fulfill all of Sublandlord's unredacted obligations, duties, undertakings, and covenants under the Lease which relate to the Subleased Premises and Subtenant's rights hereunder. Except as modified hereby, except for any provisions of this Sublease which conflict with the Lease (in which case the provisions of this Sublease shall control as between Sublandlord and Subtenant) and except as provided below, Sublandlord shall have the same obligations to Subtenant and rights of Landlord against Subtenant with respect to this Sublease, as the "Landlord" has with respect to and against the "Tenant" pursuant to the Lease, and Subtenant shall have the same obligations to Sublandlord and rights of Tenant against Sublandlord with respect to this Sublease, as the "Tenant" has with respect to and against the "Landlord" pursuant to the Lease. Sublandlord may enforce directly against Subtenant any of the rights and remedies granted to Landlord pursuant to the Lease. The foregoing notwithstanding, the provisions of the Lease described on **Exhibit D** attached hereto shall not be applicable to this Sublease. Sublandlord may enforce directly against Subtenant any of the rights and remedies granted to Landlord pursuant to the Lease. Nothing in this Sublease shall be construed or interpreted to grant any greater rights than Sublandlord has received as Tenant from Landlord pursuant to the Lease.

(d) If Subtenant desires to take an action which, under the applicable provisions of the Lease, requires the approval or consent of Landlord, then Subtenant shall not take such action until Landlord has provided its approval or consent in connection therewith.

17. Subleasing and Assignment. Subtenant shall not assign this Sublease or sub-sublease all or any portion of the Subleased Premises without the prior written consent of Sublandlord, which consent may be withheld in the sole and absolute discretion of Sublandlord. Any attempt by Subtenant to assign this Sublease or sub-sublease all or any portion of the Subleased Premises without the prior written consent of Sublandlord shall be void *ab initio* and shall be deemed null, void and ineffective.

18. Sublease Consent. The parties acknowledge and agree that the Lease provides that Sublandlord's ability to sublet the Subleased Premises is subject to the consent of the Landlord, and therefore, a condition to the effectiveness of this Sublease is that the Landlord execute and deliver the Sublease Consent in a form reasonably satisfactory to Sublandlord. Sublandlord shall use reasonable efforts to obtain such consent, and Subtenant shall reasonably cooperate with Sublandlord in connection with those efforts, including, without limitation, promptly delivering such financial and other information and documentation that Landlord reasonably requests. If, notwithstanding such reasonable efforts, Landlord does not execute a Sublease Consent in form reasonably satisfactory to Sublandlord by March 18, 2010 this Sublease shall be null and void and of no further effect, in which case Sublandlord and Subtenant shall promptly return to one another any items or funds delivered to the other pursuant to this Sublease, and neither shall have any further obligations to the other hereunder. Sublandlord will request that Landlord incorporate into the Sublease Consent Landlord's agreement to recognize this Sublease as a direct lease between Landlord and Subtenant in the event of the termination of the Lease prior to its scheduled expiration date. Subtenant acknowledges and agrees that the effectiveness of this Sublease shall not be contingent on Landlord's agreement to recognize the Sublease as a direct lease in the event of the termination of the Lease prior to its scheduled expiration date.

19. Brokers. Sublandlord and Subtenant each represents and warrants to the other that it has not dealt with any broker or finder in connection with this Sublease, other than CBRE and Jones Lang LaSalle ("**Broker**"). Sublandlord and Subtenant shall each indemnify and hold the other harmless from the indemnifying party's breach of the foregoing representation and warranty. Sublandlord shall pay a leasing commission to Broker pursuant to a separate agreement between Sublandlord and Broker. Sublandlord and Subtenant each represents and warrants to the other that, except as hereinafter set forth, neither of them has employed any broker in procuring or carrying on any negotiations relating to this Sublease. Sublandlord and Subtenant shall indemnify and hold each other harmless from any loss, claim or damage relating to the breach of the foregoing representation and warranty. Sublandlord recognizes only CBRE, as Subtenant's agents, and Jones Lang LaSalle, as Sublandlord's agent, as brokers with respect to this Sublease. Sublandlord shall be responsible for the payment of any leasing commissions owed to Jones Lang LaSalle pursuant to a separate agreement between Sublandlord and Jones Lang LaSalle. Jones Lang LaSalle shall be solely responsible for compensating CBRE pursuant to a separate agreement between them.

20. Parking. Sublandlord shall allocate to Subtenant Sublandlord's right under the Lease to lease 1 parking space per 550 rentable square feet of the Subleased Premises at prevailing market rents in accordance with the terms of the Lease. Subtenant shall be obligated to pay the market price for such spaces directly to the parking garage operator. If Subtenant desires to lease fewer than the maximum number of parking spaces available to Subtenant pursuant to this Section 20, Subtenant shall notify Sublandlord sixty (60) days in advance of relinquishing such spaces.

21. Estoppel Certificate. Subtenant shall, without charge, at any time and from time to time, within five (5) business days of request therefor by Sublandlord, execute, acknowledge and deliver a written estoppel certificate certifying, as of the date of such estoppel certificate, the following: (a) whether or not this Sublease is unmodified and in full force and effect (or if there has been a modification, whether or not the Sublease is in full force and effect as modified and setting forth such modifications); (b) whether or not the Sublease Term has commenced and the full rental is now accruing; (c) the amounts of Rent currently due and payable by Subtenant; (d) that no Basic Rent (except the first installment thereof) has been paid more than thirty (30) days in advance of its due date; (e) whether or not Subtenant has accepted possession of the Subleased Premises and is currently operating its business therein; (f) that Subtenant has no knowledge of any then uncured defaults by Sublandlord of its obligations under this Sublease (or, if Subtenant has such knowledge, specifying the same in detail); (g) the address to which notices to Subtenant should be sent; and (h) any other information reasonably requested by Sublandlord related to this Sublease.

22. Miscellaneous.

(a) This Sublease contains the entire agreement between Sublandlord and Subtenant with respect to the use and occupancy of the Subleased Premises, and any agreement hereafter made shall be ineffective to amend or modify this Sublease in whole or in part unless such agreement is in writing and is signed by the party against whom enforcement of the change, modification or discharge is sought. This Sublease shall bind and inure to the benefit of the parties hereto and their respective successors and their respective permitted assigns. Whenever used in this Sublease, the word “including” shall be deemed to mean “including without limitation”. Captions used in this Sublease are for convenience of reference only, and shall be of no force or effect in the construction or interpretation of this Sublease. References to “Sections,” “paragraphs,” and “Exhibits” are to the corresponding portions of this Sublease, unless expressly stated to the contrary. Time is of the essence in this Sublease and of all provisions hereof, except as expressly set forth to contrary herein. Nothing contained in this Sublease shall be deemed or construed as creating the relationship of principal and agent, partnership, or joint venture between Sublandlord and Subtenant, nor any relationship whatsoever other than that of sublandlord and subtenant. This Sublease shall be construed in accordance with the laws of the State of Maryland. Subtenant shall have no right to record in the applicable land records this Sublease or any memorandum thereof. The submission of this Sublease by Sublandlord to Subtenant shall not constitute an offer by Sublandlord and Sublandlord shall not be bound in any way unless and until this Sublease is executed and delivered by both parties and the same is consented to by Landlord, if applicable.

(b) Each party represents and warrants to the other that it has the power and authority to enter into this Sublease, and that this Sublease is the valid and binding obligation of such party and is enforceable against it in accordance with its terms, subject to general equitable principles and creditors’ rights.

[signatures appear on following page]

IN WITNESS WHEREOF, Sublandlord and Subtenant have respectively executed this Sublease as of the day and year first above written.

SUBLANDLORD:

AMERICAN CAPITAL, LTD.

By: ______________________________
Name:
Its:

SUBTENANT:

NORTHWEST BIOTHERAPEUTICS, INC.

By: ______________________________
Name:
Its:

List of Exhibits

Exhibit A	Copy of Lease
Exhibit B	Form of Sublease Consent
Exhibit C	Excluded Lease Provisions

EXHIBIT A

COPY OF LEASE

(See attached)

EXHIBIT B

DEPICTION OF SUBLEASED PREMISES

EXHIBIT C

CONSENT TO SUBLEASE

EXHIBIT D

EXCLUDED LEASE PROVISIONS

Original Lease:

Summary of Basic Lease Information - Section 9, Section 11, Section 12, Section 13
Article 28
Section 29.26
Article 30
Article 31
Article 32
Article 33
Exhibit B

Amendment:

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Alton L. Boynton, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Northwest Biotherapeutics, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

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

(5) The registrant's other certifying officer and I are have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 21, 2010

By: /s/ Alton L. Boynton
Alton L. Boynton
President and Chief Executive Officer
(Principal Executive Financial and Accounting Officer)

EXHIBIT 32.1

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

In connection with the quarterly report of Northwest Biotherapeutics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2010, as filed with the Securities and Exchange Commission (the "Report"), I, Alton L. Boynton, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 21, 2010

/s/ Alton L. Boynton
Alton L. Boynton
President and Chief Executive Officer
(Principal Executive Financial and Accounting Officer)