ONCOSEC MEDICAL Inc
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Registration No. 333-175779

ONCOSEC MEDICAL INCORPORATED

PROSPECTUS

Up to 8,440,000 Shares of Common Stock

This prospectus relates to the offering by the selling stockholders of OncoSec Medical Incorporated of up to 8,440,000 shares of common stock, par value $0.0001 per share. These shares include 4,000,000 issued and outstanding shares of common stock, 4,000,000 shares of common stock underlying Series A warrants, all issued to certain of the selling stockholders in connection with a private placement offering completed in June 2011 (the June 2011 Private Placement). In addition, we are registering 240,000 shares of common stock underlying warrants issued to the co-placement agents in the June 2011 Private Placement, and 200,000 shares of common stock issued to a consulting firm in connection with its performance of consulting services unrelated to the June 2011 Private Placement. The common stock sold in the June 2011 Private Placement was sold at a purchase price of $0.75 per share and the related Series A Warrants authorize the holders thereof to purchase shares of common stock at an exercise price of $1.20 per share as further described in this prospectus.

The selling stockholders have advised us that they will sell the shares of common stock from time to time in the open market, on the OTCQB Marketplace, in privately negotiated transactions or a combination of these methods, at market prices prevailing at the time of sale, at prices related to the prevailing market prices or at negotiated prices.

We will not receive any proceeds from the sale of common stock by the selling stockholders.

Our common stock is traded on the OTC Markets Group Inc. s OTCQB tier under the symbol ONCS . On December 5, 2013, the closing price of our common stock was $0.30 per share.

Investing in our common stock involves a high degree of risk. Before making any investment in our common stock, you should read and carefully consider the risks described in this prospectus under Risk Factors beginning on page 5 of this prospectus.

You should rely only on the information contained in this prospectus or any prospectus supplement or amendment thereto. We have not authorized anyone to provide you with different information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated December 10, 2013

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OncoSec Medical Incorporated has filed applications to register the following trademarks: ImmunoPulse and NeoPulse. Other registered trademarks used in this registration statement are the property of their respective owners.

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SUMMARY

This summary does not contain all of the information that should be considered before investing in our common stock and warrants. Investors should read the entire prospectus carefully, including the more detailed information regarding our business, the risks of purchasing our common stock and warrants discussed in this prospectus under Risk Factors beginning on page 5 of this prospectus and our financial statements and the accompanying notes beginning on page F-1 of this prospectus.

As used in this prospectus, unless the context requires otherwise, the Company , we , us , and our refer to OncoSec Medical Incorporated, a Nevada corporation, and its consolidated subsidiary.

Our Company

We are an emerging drug-medical device and therapeutic company focused on designing, developing and commercializing innovative and proprietary medical approaches for the treatment of solid tumors where currently approved therapies are inadequate based on their efficacy or side-effects. Our Company was incorporated under the laws of Nevada on February 8, 2008 under the name Netventory Solutions Inc. Initially, we provided online inventory services to small and medium sized companies. On March 1, 2011, we changed our name to OncoSec Medical Incorporated. In March 2011, we acquired from Inovio Pharmaceuticals, Inc. (Inovio) certain assets related to the use of drug-medical device combination products for the treatment of various cancers. With this acquisition, we have abandoned our efforts in the online inventory services industry and are focusing our efforts in the biomedical industry.

Our assets include intellectual property relating to certain delivery technologies, which we refer to as the OncoSec Medical System (OMS), a therapeutic approach which is based on the use of an electroporation delivery device in combination with an approved chemotherapeutic drug and a DNA-based cytokine to treat solid tumors. These two different approaches represent unique therapeutic modalities, which we refer to as ImmunoPulse and NeoPulse. Our ImmunoPulse approach is based on the use of electroporation to enhance the local delivery of DNA plasmids which, upon uptake into cells, direct the production of immunostimulatory cytokines to generate a local, regional and systemic immune response for the treatment of various cutaneous cancers. Our NeoPulse approach utilizes our electroporation technologies for the local delivery of the chemotherapeutic drug bleomycin to treat solid tumors. OMS consists of an electrical pulse generator console and various disposable applicators specific to the individual tumor size, type and location and is designed to increase the permeability of cancer cell membranes and, as a result, increases the intracellular delivery of selected therapeutic agents. Using either ImmunoPulse, a DNA-based immunotherapy or NeoPulse, a therapy to treat solid tumors, our mission is to enable people with cancer to live longer with a better quality of life than otherwise possible or available with existing therapies.

Cancer is a disease of uncontrolled cell growth. The primary front line treatment of solid tumors involves surgical resection and/or radiation to eliminate or debulk tumor growth prior to initiating systemic therapy with chemotherapeutic agents. In the case of invasive surgical procedures, surgeons will often remove or resect an area outside of the obvious tumor mass to ensure that they have excised all of the cancerous tissue because of the difficulty in determining the border, or margin, between healthy and diseased tissue. This treatment can result in the loss of function and appearance of the surrounding tissues, significantly reducing the patient s quality of life. Although there have been recent advances in non-surgical forms of tumor ablation, such as cryoablation, stereotactic, microwave and high frequency radio ablation therapy, we believe they fail to fully satisfy the clinical need to preserve normal healthy tissue. Given the desire for improved outcomes in the surgical resection of solid tumors, we believe that there may be significant demand for our NeoPulse technology from patients, dermatologists and surgical oncologists.

Our NeoPulse approach has been developed up to Phase III clinical trials in the United States for the treatment of recurrent head and neck cancer and Phase I/II for the treatment of recurrent breast cancer. NeoPulse has potential application in a wide range of solid tumors, including basal cell carcinoma, squamous cell carcinoma, melanoma, breast, prostate, and pancreatic cancers. In addition, Phase IV pre-marketing studies to support the commercialization of NeoPulse in Europe have also been performed for the treatment of primary and recurrent head and neck cancers and cutaneous skin cancers. We are actively pursuing opportunities primarily focused in Europe, Asia and North America to partner NeoPulse for further clinical development and commercialization.

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When detected early and still confined to a single location, cancer may be cured by surgery or radiation and potentially, by promising new technologies such as NeoPulse. However, neither surgery nor radiation can cure cancer that has spread throughout the body. Although chemotherapy can sometimes effectively treat cancer that has spread throughout the body, a number of non-cancerous cells, such as bone marrow cells, are also highly susceptible to chemotherapy. As a result, chemotherapy often has fairly significant side effects. In addition, it is common to see cancer return after apparently successful treatment by each of these means.

Immunotherapy, a process which uses the patient s own immune system to treat cancer, may have advantages over surgery, radiation, and chemotherapy. Many cancers appear to have developed the ability to hide from the immune system. A treatment that can augment the immune response against tumor cells by making the cancer more visible to the immune system would likely represent a significant improvement in cancer therapy. Immune-enhancing proteins such as interleukin-2, or IL-2, and interferon-alpha, or IFN- , have shown encouraging results. However, these agents often require frequent doses that may result in severe side effects.

Two drugs for metastatic melanoma were approved in 2011, both on the basis of increased survival. Yervoy ®, a monoclonal antibody marketed by Bristol-Myers Squibb Co., increases the effectiveness of T-cells that can seek out and destroy melanoma cells. Zelboraf ®, a B-Raf inhibitor marketed by Roche and Daiichi Sankyo, interrupts a key process in melanoma growth in patients with a particular melanoma mutation. Both drugs are associated with significant side effects, and neither is considered a cure for melanoma.

In May 2013, two new drugs for metastatic melanoma were approved. Tafinlar® and Mekinist are single-agent oral treatments for the treatment of unresectable metastatic melanoma. Like Zelboraf®, both of these new agents interrupt a key process in melanoma growth by inhibiting the MAP Kinase signaling pathway. Also, like Zelboraf, these agents can cause significant side effects and long-term use may lead to drug resistance by tumor cells.

Our current ImmunoPulse clinical-stage approach consists of directly injecting solid tumors with a DNA plasmid which, upon uptake into cells, direct the production of the encoded immunostimulatory cytokine to generate a loco-regional immune response against the tumor, which potentially may result in a systemic immune response. The ease of manufacture, convenience, and ability to repeat administration may offer advantages over current modalities of therapy. In addition, cancer therapies using non-viral DNA delivery may offer an added margin of safety compared with viral-based delivery, as no viral particles or other potentially infectious agents are contained in the formulation. A Phase I clinical trial using our ImmunoPulse approach has been completed and three Phase II clinical trials focused on melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma have been initiated.

Our business model is based on a commercialization strategy that leverages previous in-depth clinical experiences, previous approvals for the electroporation-based devices and late stage clinical studies in the United States and Europe. We may seek regulatory approvals to initiate specific studies in target markets to collect clinical, reimbursement, and pharmacoeconomic data in order to advance our commercialization strategy. Our clinical development strategy includes completing the necessary additional clinical trials in accordance with United States Food and Drug Administration (the FDA) guidelines for cutaneous cancers including select rare cancers that have limited, adverse or no therapeutic alternatives. Our strategy also includes expanding the applications of our technologies through strategic collaborations or evaluation of other opportunities such as in-licensing and strategic acquisitions. We may collaborate with major pharmaceutical and biotechnology companies and government agencies, providing us access to complementary technologies or greater resources. These business activities are intended to provide us with mutually beneficial opportunities to expand or advance our product pipeline and serve significant unmet medical needs. We may license our intellectual property to other companies to leverage our technologies for applications that may not be appropriate for our independent product development.

The June 2011 Private Placement

On June 21, 2011, we entered into a Securities Purchase Agreement (the Securities Purchase Agreement), with certain institutional investors providing for the issuance and sale of an aggregate of 4,000,000 shares of our common stock, Series A Warrants to purchase an aggregate of 4,000,000 shares of our common stock, Series B Warrants to purchase an aggregate of 4,000,000 shares of our common stock and Series C Warrants to purchase an aggregate of 4,000,000 shares of our common stock, for proceeds to us of $3.0 million (the June 2011 Private Placement). The June 2011 Private Placement closed on June 24, 2011.

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Pursuant to the terms of the Securities Purchase Agreement, each purchaser was issued a Series A Warrant, a Series B Warrant and a Series C Warrant, each to purchase up to a number of shares of our common stock equal to 100% of the shares issued to such purchaser pursuant to the Securities Purchase Agreement. The Series A Warrants have an exercise price of $1.20 per share, are exercisable immediately upon issuance and have a term of exercise of five years. On March 28, 2012, the exercise price of the Series A Warrants reset to $0.50 upon our issuance of common stock at a lower effective price than the warrant s then exercise price, pursuant to certain price-based anti-dilution provisions in the Series A Warrants. The Series B Warrants had an exercise price of $0.75 per share, were exercisable immediately upon issuance and had a term of exercise equal to the earlier of (a) the later of (i) eight months following the closing of the June 2011 Private Placement and (ii) four months following the earliest date that the shares underlying such warrants have been sold or may be freely sold, whether pursuant to a registration statement, Rule 144 or an exemption from registration under Section 4(a)(1) of the Securities Act of 1933, as amended (the Securities Act), and (b) sixteen months from the closing of the June 2011 Private Placement (unless extended three additional months upon the occurrence of a single issuance by us of our common stock or warrants to purchase our common stock that meets certain criteria specified in the warrants). The Series C Warrants had an exercise price of $1.20 per share, vested and were exercisable ratably in proportion to each holder s exercise of the Series B Warrants and had a term of exercise equal to five years. On February 21, 2012, all of the Series B and Series C Warrants expired unexercised. On the date of our entry into the Securities Purchase Agreement, the exercise price of the Series B Warrants was lower than the market value of our common stock, which closed at $1.12 on the OTC Bulletin Board on that date, for an aggregate discount to our market price of $1,480,000 as of June 21, 2011. The total value of the common stock underlying the Series B Warrants as of June 21, 2011 was $4,480,000.

On June 24, 2011, we entered into a Registration Rights Agreement (the Registration Rights Agreement) with the purchasers in the June 2011 Private Placement. Under the Registration Rights Agreement, we were required to file a registration statement within 30 days following the closing of the June 2011 Private Placement to register the resale of the shares of common stock issued in the June 2011 Private Placement and the shares of common stock underlying the Series A, Series B and Series C Warrants. Our failure to meet the filing deadlines and other requirements set forth in the Registration Rights Agreement may subject us to the payment of substantial financial penalties. The shares of common stock to be registered on the registration statement of which this prospectus forms a part include all of the shares issued and the shares underlying the warrants issued in the June 2011 Private Placement.

Rodman & Renshaw, LLC (Rodman) acted as the lead placement agent for the June 2011 Private Placement. Pursuant to the terms of a Placement Agent Agreement entered into with Rodman on June 1, 2011 and amended on June 21, 2011 (the Placement Agent Agreement), we agreed to pay to Rodman and a co-placement agent fees equal to 6% of the aggregate gross proceeds raised in the June 2011 Private Placement, to issue to Rodman and the co-placement agent warrants to purchase an aggregate of 240,000 shares of our common stock, and to reimburse Rodman for certain expenses. The shares of common stock underlying the warrants originally issued to Rodman and the co-placement agent are included in the registration statement of which this prospectus forms a part.

After deducting for fees and expenses, the aggregate cash net proceeds to us from the June 2011 Private Placement were approximately $2.79 million. The table below describes in more detail the costs to us associated with the June 2011 Private Placement:

Gross proceeds received by us in the June 2011 Private Placement:	$	3,000,000(1)
Total cash payments to the placement agents in connection with the June 2011 Private Placement:	$	210,000(2)
Total non-cash payments to the placement agents in connection with the June 2011 Private Placement	$	130,708(3)
Resulting net cash proceeds to the Company in connection with the June 2011 Private Placement:	$	2,790,000(4)

Resulting net proceeds to the Company in connection with the June 2011 Private Placement, including cash and non-cash payments:	$	2,659,292(5)
Total possible profit to be realized by the Series B warrant holders as a result of any exercise discounts underlying the Series B Warrants:	$	1,480,000(6)

(1) Does not include the potential gross proceeds payable to us upon exercise of all of the warrants issued in connection with the June 2011 Private Placement that remain outstanding as of the date of this prospectus, which would equal $2,120,000.

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(2) This amount does not include additional payments that we may be required to make under certain circumstances but that are currently indeterminable, including (a) potential liquidated damages for failure to register the shares issued or issuable upon exercise of warrants to the investors in the June 2011 Private Placement (such liquidated damages not to exceed 9% of the aggregate subscription amount paid by each investor in the June 2011 Private Placement), (b) amounts payable if we fail to timely deliver certificates representing the required number of shares upon exercise of the warrants issued to investors in the June 2011 Private Placement, and (c) amounts payable if we or our transfer agent fail to timely remove certain restrictive legends from certificates representing shares issued or issuable in the June 2011 Private Placement.

(3) Includes the value of the warrants issued to the placement agents.

(4) Resulting cash net proceeds is calculated by subtracting the total possible and currently determinable cash payments from gross proceeds.

(5) Resulting cash and non-cash net proceeds is calculated by subtracting the total possible and currently determinable cash and non-cash payments from gross proceeds.

(6) On the date of our entry into the Securities Purchase Agreement, the Series B Warrants had an exercise price lower than the market value of our common stock, which closed at $1.12 on the OTC Bulletin Board on that date, for an aggregate discount to our market price of $1,480,000 on that date. The total value of the common stock underlying the Series B Warrants as of June 21, 2011 was $4,480,000. The table below indicates the total possible discount to the market price as of June 21, 2011, for the securities underlying the Series B Warrants.

Market price per share of the Common Stock on the date of the sale of the Series B Warrants:	$	1.12
Exercise price per share of the Series B Warrants:	$	0.75
Total possible shares of Common Stock underlying the Series B Warrants:		4,000,000 shares
Combined market price of total number of shares of Common Stock underlying the Series B Warrants on June 21, 2011:	$	4,480,000
Combined exercise price of total number of shares of Common Stock underlying the Warrants:	$	3,000,000
Total Possible Discount to the Market Price as of June 21, 2011	$	1,480,000

The last trading price of our common stock on the OTC Bulletin Board on June 24, 2011, the date of the closing of the June 2011 Private Placement, was $0.77. Calculated as of June 24, 2011, the total possible discount to the market price of our common stock for the Series B Warrants would have been $80,000.

The total value of payments made to the placement agents (including the value of the warrants issued to the placement agents) and the total possible discount to the market price of the shares underlying the Series B Warrants as of the date of the Securities Purchase Agreement, divided

by the proceeds to us from the exercise of the Series B Warrants of $3,000,000, is 60.7%. However, we do not expect to make any additional payments to the selling stockholders, the placement agents or any of their affiliates in connection with the Series B Warrants, all of which expired unexercised on February 21, 2012. Excluding such payments made by us in connection with the June 2011 Private Placement, the applicable percentage is 49.3%.

The shares of common stock to be registered on the registration statement of which this prospectus forms a part also include 200,000 shares of common stock that were issued to a consulting firm in connection with its performance of consulting services for us that are unrelated to the June 2011 Private Placement.

The issuances of securities in the June 2011 Private Placement described above were issued under an exemption from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) thereof and Rule 506 of Regulation D promulgated thereunder.

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Corporate Information

We were incorporated under the laws of the State of Nevada on February 8, 2008 under the name Netventory Solutions Inc. to pursue the business of inventory management solutions. Effective March 1, 2011, we completed a merger with our subsidiary, OncoSec Medical Incorporated, a Nevada corporation which was incorporated solely to effect a change in our name. As a result, we have changed our name from Netventory Solutions Inc. to OncoSec Medical Incorporated. Our principal executive offices are located at 9810 Summers Ridge Road, Suite 110, San Diego, CA 92121. The telephone number at our principal executive office is (855) 662-6732. Our website address is www.oncosec.com. Information contained on our website is not deemed part of this prospectus.

The Offering

This prospectus relates to the resale from time to time by the selling stockholders identified in this prospectus of up to 8,440,000 shares of our common stock. The majority of the common stock, together with related warrants to purchase our common stock, was purchased by certain of the selling stockholders in the June 2011 Private Placement. No shares are being offered for sale by us.

Common stock outstanding prior to offering	171,038,526(1)
Common stock offered by the selling stockholders	8,440,000(2)
Common stock to be outstanding after the offering	175,278,526(3)
Use of Proceeds	We will not receive any proceeds from the sale of common stock offered by the selling stockholders under this prospectus.
OTCQB Marketplace Symbol	ONCS

(1) As of December 5, 2013. Includes 4,000,000 shares of our common stock issued to certain selling stockholders in connection with the June 2011 Private Placement and 200,000 shares of our common stock issued to Vista Partners LLC (Vista) in connection with its performance of consulting services unrelated to the June 2011 Private Placement. Includes 14,754,480 shares of common stock held by our affiliates as of the date of this prospectus. Other than Vista, none of the selling stockholders held shares of our common stock immediately prior to the closing of the June 2011 Private Placement. The total shares of common stock held by persons other than the selling stockholders, affiliates of the Company and affiliates of the selling stockholders as of immediately prior to the closing of the June 2011 Private Placement on June 23, 2011was 69,204,520, and the total shares of common stock held by persons other than the selling stockholders, affiliates of the Company and affiliates of the selling stockholders as of the date of this prospectus is 150,704,846.

(2) Includes (a) 4,000,000 shares of our common stock issued to certain selling stockholders in connection with the June 2011 Private Placement (all of which have been resold by such selling stockholders as of December 5, 2013), (b) 200,000 shares of common stock shares of our common stock issued to and offered by Vista, (c) 4,000,000 shares of our common stock offered by the selling stockholders issuable upon exercise of each of the Series A Warrants, and (d) 240,0000 shares of common stock issuable to the placement agents for the June 2011 Private Placement upon exercise of their warrants.

(3) As of December 5, 2013. Assumes the full exercise of the warrants held by the selling stockholders to acquire 4,240,000 shares of common stock. Excludes (a) 9,000,000 shares of common stock reserved for future issuance under our 2011 Stock Incentive Plan (the 2011 Plan), (b) 75,157,870 shares of common stock issuable upon the exercise of outstanding warrants that are not being registered pursuant to the registration statement of which this prospectus forms a part and (c) 4,000,000 shares of our common stock that were issued to certain selling stockholders in connection with the June 2011 Private Placement and that have been resold by such selling stockholders as of December 5, 2013. As of December 5, 2013, there were (i) options to purchase 4,978,956 shares of our common stock outstanding under the 2011 Plan, with a weighted average exercise price of $0.23 per share and (ii) 79,397,574 shares of common stock issuable upon the exercise of outstanding warrants with exercise prices ranging from $0.26 to $1.20 per share.

RISK FACTORS

Investment in our common stock and warrants involves a high degree of risk. The following risk factors summarize some of the material risks inherent in and affecting this offering and our business, and you should carefully consider them, addition to the other information contained in this prospectus. This prospectus contains forward-looking statements. Our business, financial condition, results of operations and stock price could be materially adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business financial condition, results of operations and stock price.

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Risks Related to this Offering

We must raise additional capital in order to continue operating our business, and such additional funds may not be available on acceptable terms or at all.

We do not generate, and may never generate, any cash from operations and must raise additional funds in order to continue operating our business. We estimate our cash requirements over the annual fiscal period ending July 31, 2014 to be approximately $9.1 million, which is inclusive of our $1 million payment to be made in December 2013 to Inovio under the terms of the asset purchase agreement pursuant to which we acquired certain assets from Inovio in March 2011 (the Asset Purchase Agreement). As of July 31, 2013, we had cash and cash equivalents of approximately $4.9 million. In addition to the June 2011 Private Placement, we have raised funds through our issuance of common stock and warrants to acquire our common stock on three separate public offerings closed one March 28, 2012, December 17, 2012, and September 18, 2013, which resulted in net proceeds to us of approximately $7.2 million, $6.7 million and $11.1 million, respectively, and issued a collective aggregate of 107,592,000 shares of our common stock and warrants to purchase a collective aggregate of 69,296,000 shares of our common stock to the investors in those offerings, at a per share price of $0.25 in each case.

We have a history of raising funds through offerings of our common stock, and we may in the future raise additional funds through public or private equity offerings, debt financings or corporate collaborations and licensing arrangements. We expect to continue to fund our operations primarily through equity and debt financings in the future. If additional capital is not available, we may not be able to continue to operate our business pursuant to our business plan or we may have to discontinue our operations entirely. We will require additional financing to fund our planned operations, including developing and commercializing our intellectual property, seeking to license or acquire new assets, researching and developing any potential patents, related compounds and other intellectual property, funding potential acquisitions, and supporting clinical trials and seeking regulatory approval relating to our assets and any assets we may acquire in the future. Additional financing may not be available to us when needed or, if available, may not be available on commercially reasonable terms. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience substantial dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses. Obtaining commercial loans, assuming those loans would be available, would increase our liabilities and future cash commitments.

We may not be able to obtain additional financing if the volatile conditions in the capital and financial markets, and more particularly the market for early development stage biomedical company stocks, persist. Weak economic and capital markets conditions could result in increased difficulties in raising capital for our operations. We may not be able to raise money through the sale of our equity securities or through borrowing funds on terms we find acceptable. If we cannot raise the funds that we need, we will be unable to continue our operations, and our stockholders could lose their entire investment in our company.

We will have immediate and broad discretion over the use of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.

We have considerable discretion in the application of the proceeds of this offering. We currently expect to use the net proceeds from this offering to pay for our clinical development and for working capital and general corporate purposes. We may also use a portion of these proceeds for the potential acquisition of, or investment in, product candidates, technologies, formulations or companies that complement our business, although we have no current understandings, commitments, or agreements to do so. You must rely on our judgment regarding the application of the net proceeds of this offering. Our judgment may not result in positive returns on your investment and you will not have an

opportunity to evaluate the economic, financial, or other information upon which we base our decisions.

There is no public market for the warrants being offered in this offering.

There is no established public trading market for the warrants being offered in this offering, and we do not expect a market to develop. In addition, we do not intend to apply for listing the warrants on any securities exchange or expect the warrants to trade on the OTCQB Marketplace. Without an active market, the liquidity of the warrants will be limited.

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Holders of our common stock may experience dilution in the future.

Since inception we have funded our operations primarily through equity financings, including the June 2011 Private Placement, our March 2012 issuance of 31,000,000 shares of common stock and warrants to purchase an aggregate of 31,000,000 shares of our common stock to investors in a public offering at a price per share of $0.25 (the March 2012 Public Offering), our December 2012 issuance of 28,800,000 shares of common stock and warrants to purchase an aggregate of 14,400,000 shares of our common stock to investors in a public offering at a price per share of $0.25 (the December 2012 Public Offering), and our September 2013 issuance of 47,792,000 shares of common stock and warrants to purchase an aggregate of 23,896,000 shares of our common stock to investors in a public offering at a price per share of $0.25 (the September 2013 Public Offering). To the extent any of the warrants we have issued in those offerings are exercised, or any of our other outstanding securities convertible or exercisable into shares of our common stock are converted or exercised, our stockholders will experience dilution. We may also acquire or license other technologies or finance strategic alliances by issuing equity, as we have done through our issuance of warrants to acquire an aggregate of 4,000,000 shares of our common stock to Inovio, which may result in additional dilution to our stockholders.

Risks Related to Our Business

We have never generated revenue from our operations.

We have not generated any revenue from operations since our inception. During Fiscal 2013, we incurred a net loss of approximately $7.2 million. From inception through July 31, 2013, we incurred an aggregate loss of approximately $13.4 million. We expect that our operating expenses will continue to increase as we continue to pursue FDA approval for our product candidates.

We are an early-stage company with a limited operating history, which may hinder our ability to successfully meet our objectives.

We are an early-stage company with only a limited operating history upon which to base an evaluation of our current business and future prospects and how we will respond to competitive, financial or technological challenges. Only recently have we explored opportunities in the biomedical industry. As a result, the revenue and income potential of our business is unproven. In addition, because of our limited operating history, we have limited insight into trends that may emerge and affect our business. Errors may be made in predicting and reacting to relevant business trends and we will be subject to the risks, uncertainties and difficulties frequently encountered by early-stage companies in evolving markets. We may not be able to successfully address any or all of these risks and uncertainties. Failure to adequately do so could cause our business, results of operations and financial condition to suffer or fail.

We have not commercialized any of our potential product candidates and we cannot predict if or when we will become profitable.

We have not commercialized any product candidate relating to our current assets in the biomedical industry. Our ability to generate revenues from any of our product candidates will depend on a number of factors, including our ability to successfully complete clinical trials, obtain necessary regulatory approvals and negotiate arrangements with third parties to help finance the development of, and market and distribute, any product candidate that receives regulatory approval. In addition, we will be subject to the risk that the marketplace will not accept our products.

Because of the numerous risks and uncertainties associated with our product development and commercialization efforts, we are unable to predict the extent of our future losses or when or if we will become profitable, and it is possible we will never commercialize any of our product candidates or become profitable. Our failure to obtain regulatory approval and successfully commercialize any of our product candidates would have a material adverse effect on our business, results of operations, financial condition and prospects and could result in our inability to continue operations.

If we are unable to successfully recruit and retain qualified personnel, we may not be able to continue our operations.

In order to successfully implement and manage our business plan, we will depend upon, among other things, successfully recruiting and retaining qualified personnel having experience in the biomedical industry. Competition for qualified individuals is intense. If we are not able to find, attract and retain qualified personnel on acceptable terms, our business operations could suffer.

Additionally, although we have employment agreements with each of our executive officers, these agreements are terminable by them at will and we may not be able to retain their services. The loss of the services of any members of our senior management team could delay or prevent the development and commercialization of any other product candidates and our business could be harmed to the extent that we are not able to find suitable replacements.

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Future growth could strain our resources, and if we are unable to manage our growth, we may not be able to successfully implement our business plan.

We hope to experience rapid growth in our operations, which will place a significant strain on our management, administrative, operational and financial infrastructure. Our future success will depend in part upon the ability of our executive officers to manage growth effectively. This will require that we hire and train additional personnel to manage our expanding operations. In addition, we must continue to improve our operational, financial and management controls and our reporting systems and procedures. If we fail to successfully manage our growth, we may be unable to execute upon our business plan.

We may be unable to successfully develop and commercialize the assets we have acquired, or acquire, or develop and commercialize new assets and product candidates.

Our future results of operations will depend to a significant extent upon our ability to successfully develop and commercialize in a timely manner the assets we acquired from Inovio related to certain non-DNA vaccine technology and intellectual property relating to selective electrochemical tumor ablation, which we refer to as the OncoSec Medical System or OMS. In addition, we may acquire new assets or product candidates in the future. There are numerous difficulties inherent in acquiring, developing and commercializing new products and product candidates, including difficulties related to:

- successfully identifying potential product candidates;
- developing potential product candidates;
- difficulties in conducting or completing clinical trials, including receiving incomplete, unconvincing or equivocal clinical trials data;
- obtaining requisite regulatory approvals for such products in a timely manner or at all;
- acquiring, developing, testing and manufacturing products in compliance with regulatory standards in a timely manner or at all;
- being subject to legal actions brought by our competitors, which may delay or prevent the development and commercialization of new products;

- delays or unanticipated costs; and

- significant and unpredictable changes in the payer landscape, coverage and reimbursement for any products we develop.

As a result of these and other difficulties, we may be unable to develop potential product candidates using our intellectual property, and potential products in development by us may not receive timely regulatory approvals, or approvals at all, necessary for marketing by us or our third-party partners. If we do not acquire or develop product candidates, any of our product candidates are not approved in a timely fashion or at all or, when acquired or developed and approved, cannot be successfully manufactured and commercialized, our operating results would be adversely affected. In addition, we may not recoup our investment in developing products, even if we are successful in commercializing those products. Our business expenditures may not result in the successful acquisition, development or commercialization of products that will prove to be commercially successful or result in the long-term profitability of our business.

Certain of our intellectual property is licensed from Inovio pursuant to a non-exclusive license.

As we describe elsewhere in this prospectus, we have acquired certain technology and related assets from Inovio pursuant to the Asset Purchase Agreement. In connection with the closing of the Asset Purchase Agreement, we entered into a cross-license agreement with Inovio. Under the terms of the cross-license agreement, Inovio granted to us a non-exclusive, worldwide license to certain non-SECTA technology patents held by Inovio, and we granted to Inovio a limited, exclusive license to our acquired SECTA technology. While we do not currently rely on the intellectual property we have licensed from Inovio pursuant to this non-exclusive license, our product candidates may in the future utilize this intellectual property. Because the license is non-exclusive, Inovio may use its technology to compete with us. In addition, there are no restrictions on Inovio s ability to license their technology to others. As a result Inovio could license to others, including our competitors,

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the intellectual property rights covered by their license to us, including any of our improvements to the licensed intellectual property. In addition, either party may terminate the cross-license agreement with 30 days notice if they no longer utilize or sublicense the patent rights they have acquired pursuant to the cross-license. If either party were to terminate the cross-license agreement, they would no longer have the right to use intellectual property that is subject to the cross license.

Regulatory authorities may not approve our product candidates or the approvals we secure may be too limited for us to earn sufficient revenues.

The FDA and other foreign regulatory agencies can delay approval of or refuse to approve our product candidates for a variety of reasons, including failure to meet safety and efficacy endpoints in our clinical trials. Our product candidates may not be approved even if they achieve their endpoints in clinical trials. Regulatory agencies, including the FDA, may disagree with our trial design and our interpretation of data from preclinical studies and clinical trials. Clinical trials of our product candidates may not demonstrate that they are safe and effective to the extent necessary to obtain regulatory approvals. We have initiated three Phase II clinical trials to assess our ImmunoPulse technology in patients with metastatic melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma. If we cannot adequately demonstrate through the clinical trial process that a therapeutic product we are developing is safe and effective, regulatory approval of that product would be delayed or prevented, which would impair our reputation, increase our costs and prevent us from earning revenues. Even if a product candidate is approved, it may be approved for fewer or more limited indications than requested or the approval may be subject to the performance of significant post-marketing studies. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates. Any limitation, condition or denial of approval would have an adverse affect on our business, reputation and results of operations.

Acquisition of the OMS technology included an extensive clinical database from two Phase III clinical trials that were halted before enrollment was completed. In 2007, these two Phase III clinical trials, HNBE-01 and HNBE-02, which were designed to evaluate the use of the NeoPulse technology as a treatment for resectable recurrent and second primary squamous cell carcinomas of the head and neck were halted as a result of a recommendation from the Data Monitoring Committee (DMC). The DMC cited concerns regarding efficacy and safety, including mortality rates and enrollment futility. In the DMC s opinion, although no single parameter was sufficient to warrant recommending a review of the trial, the totality of data for these recurrent head and neck cancer studies suggested an unfavorable benefit-to-risk profile for the NeoPulse arm relative to the surgery arm. Without conducting further analysis, enrollment for both studies were halted, however the treated patients were followed up to two years to further evaluate safety and efficacy, as per the protocol, and the clinical trials were not reinitiated. We are continuing to analyze the available data from 214 patients treated in both Phase III studies. If we are unable to partner, initiate or complete new Phase III or pivotal clinical studies, we will be unable to commercialize the NeoPulse technology.

Delays in the commencement or completion of clinical testing for product candidates based on our OMS technology could result in increased costs to us and delay or limit our ability to pursue regulatory approval or generate revenues.

Clinical trials are very expensive, time consuming and difficult to design and implement. Even if the results of our proposed clinical trials are favorable, clinical trials for product candidates based on our OMS technology will continue for several years and may take significantly longer than expected to complete. Delays in the commencement or completion of clinical testing could significantly affect our product development costs and business plan. We do not know whether our Phase II clinical trials will be completed on schedule, if at all. In addition, we do not know whether any other pre-clinical or clinical trials will begin on time or be completed on schedule, if at all. The commencement and completion of clinical trials can be delayed for a number of reasons, including delays related to:

- obtaining clearance from the FDA or respective international regulatory equivalent to commence a clinical trial;

- reaching agreement on acceptable terms with prospective clinical research organizations (CROs) clinical investigators and trial sites;

- obtaining institutional review board (IRB), approval to initiate and conduct a clinical trial at a prospective site;

- identifying, recruiting and training suitable clinical investigators;

- identifying, recruiting and enrolling subjects to participate in clinical trials for a variety of reasons, including competition from other clinical trial programs for similar indications; and

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- retaining patients who have initiated a clinical trial but may be prone to withdraw due to side effects from the therapy, lack of efficacy, personal issues, or for any other reason they choose, or who are lost to further follow-up.

We believe that we have planned and designed an adequate clinical trial program for our product candidates based on our OMS technology. However, the FDA could determine that it is not satisfied with our plan or the details of our pivotal clinical trial protocols and designs.

Additionally, changes in applicable regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial. If we experience delays in completion of, or if we terminate, any of our clinical trials, the commercial prospects for our product candidates may be harmed, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We must rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We expect to enter into agreements with third-party CROs to conduct our planned clinical trials and anticipate that we may enter into other such agreements in the future regarding any future product candidates. We currently rely on these parties for the execution of our clinical and pre-clinical studies, and control only certain aspects of their activities. We, and our CROs, are required to comply with the current FDA Code of Federal Regulations for Conducting Clinical Trials and GCP and ICH guidelines. The FDA enforces these GCP regulations through periodic inspections of trial sponsors, principal investigators, CRO trial sites, laboratories, and any entity having to do with the completion of the study protocol and processing of data. If we, or our CROs, fail to comply with applicable GCP regulations, the data generated in our clinical trials may be deemed unreliable and the FDA may require us to perform additional clinical trials before approving our marketing applications. Upon inspection, the FDA and similar foreign regulators may determine that our clinical trials are not compliant with GCP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs on commercially reasonable terms, or at all. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates could be harmed, our costs could increase and our ability to generate additional revenues could be delayed.

We may participate in clinical trials conducted under an approved investigator sponsored investigational new drug (IND) application and correspondence and communication with the FDA pertaining to these trials will strictly be between the investigator and the FDA.

We have in the past, and may in the future, participate in clinical trials conducted under an approved investigator sponsored investigational new drug (IND) application. Regulations and guidelines imposed by the FDA with respect to IND applications include a requirement that the sponsor

of a clinical trial provide ongoing communication with the agency as it pertains to safety of the treatment. This communication can be relayed to the agency in the form of safety reports, annual reports or verbal communication at the request of the FDA. Accordingly, it is the responsibility of each investigator (as the sponsor of the trial) to be the point of contact with the FDA. The communication and information provided by the investigator may not be appropriate and accurate, and the investigator has the ultimate responsibility and final decision-making authority with respect to submissions to the FDA. This may result in reviews, audits, delays or clinical holds by the FDA ultimately affecting the timelines for these studies and potentially risking the completion of these trials.

We may incur liability if our promotions of product candidates are determined, or are perceived, to be inconsistent with regulatory guidelines.

The FDA provides guidelines with respect to appropriate product promotion and continuing medical and health education activities. Although we endeavor to follow these guidelines, the FDA or the Office of the Inspector General: U.S. Department of Health and Human Services may disagree, and we may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions. In addition, management s attention could be diverted and our reputation could be damaged.

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If we and the contract manufacturers upon whom we rely fail to produce our systems and product candidates in the volumes that we require on a timely basis, or fail to comply with stringent regulations, we may face delays in the development and commercialization of our electroporation equipment and product candidates.

We currently assemble certain components of our electroporation systems and utilize the services of contract manufacturers to manufacture the remaining components of these systems and our product supplies for clinical trials. We expect to increase our reliance on third party manufacturers if and when we commercialize our products and systems. The manufacture of our systems and product supplies requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers often encounter difficulties in production, particularly in scaling up for commercial production. These problems include difficulties with production costs and yields, quality control, including stability of the equipment and product candidates and quality assurance testing, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. If we or our manufacturers were to encounter any of these difficulties or our manufacturers otherwise fail to comply with their obligations to us, our ability to provide our electroporation equipment to our partners and products to patients in our clinical trials or to commercially launch a product would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of our clinical trials, increase the costs associated with maintaining our clinical trial program and, depending upon the period of delay, require us to commence new trials at significant additional expense or terminate the trials completely.

In addition, all manufacturers of our products must comply with cGMP requirements enforced by the FDA through its facilities inspection program. These requirements include, among other things, quality control, quality assurance and the generation and maintenance of records and documentation. Manufacturers of our products may be unable to comply with these cGMP requirements and with other FDA, state and foreign regulatory requirements. We have little control over our manufacturers compliance with these regulations and standards. A failure to comply with these requirements may result in fines and civil penalties, suspension of production, suspension or delay in product approval, product seizure or recall, or withdrawal of product approval. If the safety of any product is compromised due to our or our manufacturers failure to adhere to applicable laws or for other reasons, we may not be able to obtain regulatory approval for or successfully commercialize our products, and we may be held liable for any injuries sustained as a result. Any of these factors could cause a delay of clinical trials, regulatory submissions, approvals or commercialization of our products, entail higher costs or result in our being unable to effectively commercialize our products. Furthermore, if our manufacturers fail to deliver the required commercial quantities on a timely basis, pursuant to provided specifications and at commercially reasonable prices, we may be unable to meet demand for our products and would lose potential revenues.

If any product candidate for which we receive regulatory approval does not achieve broad market acceptance or coverage by third-party payors, our revenues may be limited.

The commercial success of any potential product candidates for which we obtain marketing approval from the FDA or other regulatory authorities will depend upon the acceptance of these products by physicians, patients, healthcare payors and the medical community. Coverage and reimbursement of our approved product by third-party payors is also necessary for commercial success. The degree of market acceptance of any potential product candidates for which we may receive regulatory approval will depend on a number of factors, including:

- our ability to provide acceptable evidence of safety and efficacy;
- acceptance by physicians and patients of the product as a safe and effective treatment;

- the prevalence and severity of adverse side effects;
- limitations or warnings contained in a product s FDA-approved labeling;
- the clinical indications for which the product is approved;
- availability and perceived advantages of alternative treatments;
- any negative publicity related to our or our competitors products;

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- the effectiveness of our or any current or future collaborators sales, marketing and distribution strategies;

- pricing and cost effectiveness;

- our ability to obtain sufficient third-party payor coverage or reimbursement; and

- the willingness of patients to pay out of pocket in the absence of third-party payor coverage.

Our efforts to educate the medical community and third-party payors on the benefits of any of our potential product candidates for which we obtain marketing approval from the FDA or other regulatory authorities may require significant resources and may never be successful. If our potential products do not achieve an adequate level of acceptance by physicians, third-party payors and patients, we may not generate sufficient revenue from these products to become or remain profitable.

We may not be successful in executing our strategy for the commercialization of our product candidates. If we are unable to successfully execute our commercialization strategy, we may not be able to generate significant revenue.

We intend to advance a commercialization strategy that leverages previous in-depth clinical experiences, previous CE (Conformité Européene) approvals for the electroporation-based devices and late stage clinical studies in the United States (Phase III) and Europe (Phase IV). This strategy includes seeking approval from the FDA to initiate pivotal registration studies in the United States for select rare cancers that have limited, adverse or no therapeutic alternatives. This strategy also includes expanding the addressable markets for the OMS therapies through the addition of relevant indications. Our commercialization plan also includes partnering and/or co-developing OMS in developing geographic locations, such as Eastern Europe and Asia, where local resources are best leveraged and appropriate collaborators can be secured.

We may not be able to implement our commercialization strategy as we have planned. Further, we have little experience and have not proven our ability to succeed in the biomedical industry and are not certain that our implementation strategy, if implemented correctly, would lead to significant revenue. If we are unable to successfully implement our commercialization plans and drive adoption by patients and physicians of our potential future products through our sales, marketing and commercialization efforts, then we will not be able to generate significant revenue which will have a material adverse effect on our business, results of operations, financial condition and prospects.

In order to market our proprietary products, we may choose to establish our own sales, marketing and distribution capabilities. We have no experience in these areas, and if we have problems establishing these capabilities, the commercialization of our products would be impaired.

We may choose to establish our own sales, marketing and distribution capabilities to market products to our target markets. We have no experience in these areas, and developing these capabilities will require significant expenditures on personnel and infrastructure. While we intend to market products that are aimed at a small patient population, we may not be able to create an effective sales force around even a niche market. In addition, some of our product candidates may require a large sales force to call on, educate and support physicians and patients. We may desire in the future to enter into collaborations with one or more pharmaceutical companies to sell, market and distribute such products, but we may not be able to enter into any such arrangement on acceptable terms, if at all. Any collaboration we do enter into may not be effective in generating meaningful product royalties or other revenues for us.

Our success depends in part on our ability to protect our intellectual property. Because of the difficulties of protecting our proprietary rights and technology, we may not be able to ensure their protection.

Our commercial success will depend in large part on obtaining and maintaining patent, trademark and trade secret protection of our product candidates and their respective components, formulations, manufacturing methods and methods of treatment, as well as successfully defending these patents against third-party challenges. Our ability to stop third parties from making, using, selling, offering to sell or importing our product candidates is dependent upon the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities.

The coverage claimed in a patent application typically is significantly reduced before a patent is issued, either in the United States or abroad. Consequently, any of our pending or future patent applications may not result in the issuance of patents and any patents issued may be subjected to further proceedings limiting their scope and may in any event not contain claims broad enough to provide meaningful protection. Any patents that are issued to us or our future collaborators may not provide significant proprietary protection or competitive advantage, and may be circumvented or invalidated. In addition,

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unpatented proprietary rights, including trade secrets and know-how, can be difficult to protect and may lose their value if they are independently developed by a third party or if their secrecy is lost. Further, because development and commercialization of our potential product candidates can be subject to substantial delays, our patents may expire and provide only a short period of protection, if any, following any future commercialization of products. Moreover, obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements. If any of our patents are found to be invalid or unenforceable, or if we are otherwise unable to adequately protect our rights, it could have a material adverse impact on our business and our ability to commercialize or license our technology and products.

We may incur substantial costs as a result of litigation or other proceedings relating to protection of our patent and other intellectual property rights, and we may be unable to successfully protect our rights to our potential products and technology.

If we choose to go to court to stop a third party from using the inventions claimed by our patents, that third party may ask the court to rule that the patents are invalid and/or should not be enforced. These lawsuits are expensive and could consume time and other resources even if we were successful in stopping the infringing activity. In addition, the court could decide that our patents are not valid and that we do not have the right to stop others from using the inventions claimed by the patents.

Additionally, even if the validity of these patents is upheld, the court could refuse to stop a third party s infringing activity on the ground that such activities do not infringe our patents. The U.S. Supreme Court has recently revised certain tests regarding granting patents and assessing the validity of patents to make it more difficult to obtain patents. As a consequence, issued patents may be found to contain invalid claims according to the newly revised standards. Some of our patents may be subject to challenge and subsequent invalidation or significant narrowing of claim scope in a reexamination proceeding, or during litigation, under the revised criteria.

Third parties may claim that we infringe their proprietary rights and may prevent us from manufacturing and selling some of our products.

The manufacture, use and sale of new products that are the subject of conflicting patent rights have been the subject of substantial litigation in the biomedical industry. These lawsuits relate to the validity and infringement of patents or proprietary rights of third parties. Litigation may be costly and time-consuming, and could divert the attention of our management and technical personnel. In addition, if we infringe on the rights of others, we could lose our right to develop, manufacture or market products or could be required to pay monetary damages or royalties to license proprietary rights from third parties. Although the parties to patent and intellectual property disputes in the biomedical industry have often settled their disputes through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include ongoing royalties. Furthermore, we cannot be certain that the necessary licenses would be available to us on commercially reasonable terms or at all. As a result, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from manufacturing and selling our products, and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Extensive industry regulation has had, and will continue to have, a significant impact on our business, especially our product development, manufacturing and distribution capabilities.

All biomedical companies are subject to extensive, complex, costly and evolving government regulation. For the U.S., these regulations are principally administered by the FDA and to a lesser extent by the United States Drug Enforcement Agency (the DEA) and state government agencies, as well as by various regulatory agencies in foreign countries where products or product candidates are being manufactured and/or marketed. The Federal Food, Drug and Cosmetic Act, the Controlled Substances Act and other federal statutes and regulations, and similar foreign statutes and regulations, govern or influence the testing, manufacturing, packing, labeling, storing, record keeping, safety, approval, advertising, promotion, sale and distribution of our products. Under these regulations, we may become subject to periodic inspection of our facilities, procedures and operations and/or the testing of our product candidates and products by the FDA, the DEA and other authorities, which conduct periodic inspections to confirm that we are in compliance with all applicable regulations. In addition, the FDA and foreign regulatory agencies conduct pre-approval and post-approval reviews and plant inspections to determine whether our systems and processes are in compliance with cGMP and other regulations. Following such inspections, the FDA or other agency may issue observations, notices, citations and/or warning letters that could cause us to modify certain activities identified during the inspection. To the extent that we successfully commercialize any product, we may also be subject to ongoing FDA obligations and continued regulatory review with respect to manufacturing, processing,

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labeling, packaging, distribution, storage, advertising, promotion and recordkeeping for the product. Additionally, we may be required to conduct potentially costly post-approval studies and report adverse events associated with our products to FDA and other regulatory authorities. Unexpected or serious health or safety concerns would result in labeling changes, recalls, market withdrawals or other regulatory actions.

The range of possible sanctions includes, among others, FDA issuance of adverse publicity, product recalls or seizures, fines, total or partial suspension of production and/or distribution, suspension of the FDA s review of product applications, enforcement actions, injunctions, and civil or criminal prosecution. Any such sanctions, if imposed, could have a material adverse effect on our business, operating results, financial condition and cash flows. Under certain circumstances, the FDA also has the authority to revoke previously granted drug approvals. Similar sanctions as detailed above may be available to the FDA under a consent decree, depending upon the actual terms of such decree. If internal compliance programs do not meet regulatory agency standards or if compliance is deemed deficient in any significant way, it could materially harm our business.

Moreover, the regulations, policies or guidance of the FDA or other regulatory agencies may change and new or additional statutes or government regulations may be enacted that could prevent or delay regulatory approval of our product candidates or further restrict or regulate post-approval activities. If we are not able to achieve and maintain regulatory compliance, we may not be permitted to market our potential product candidates, which would adversely affect our ability to generate revenue and achieve or maintain profitability.

We face potential product liability exposure and if successful claims are brought against us, we may incur substantial liability.

The clinical use of our product candidates exposes us to the risk of product liability claims. Any side effects, manufacturing defects, misuse or abuse associated with our product candidates could result in injury to a patient or even death. In addition, a liability claim may be brought against us even if our product candidates merely appear to have caused an injury. Product liability claims may be brought against us by consumers, healthcare providers, pharmaceutical companies or others coming into contact with our product candidates, among others.

Regardless of merit or potential outcome, product liability claims against us may result in, among other effects, the inability to commercialize our product candidates, impairment of our business reputation, withdrawal of clinical trial participants and distraction of management s attention from our primary business. If we cannot successfully defend ourselves against product liability claims we could incur substantial liabilities.

The biomedical industry is highly competitive.

The biomedical industry has an intensely competitive environment that will require an ongoing, extensive search for technological innovations and the ability to market products effectively, including the ability to communicate the effectiveness, safety and value of products to healthcare professionals in private practice, group practices and payers in managed care organizations, group purchasing organizations and Medicare & Medicaid services. We face competition from a number of sources, including large pharmaceutical companies, biotechnology companies, academic institutions, government agencies and private and public research institutions. We are smaller than almost all of our competitors. Most of our competitors have been in business for a longer period of time than us, have a greater number of products on the market and have greater financial and other resources than we do. Furthermore, recent trends in this industry are that large drug companies are consolidating into a smaller number of very large entities, which further concentrates financial, technical and market strength and increases competitive pressure in the industry. If we directly compete with these very large entities for the same markets and/or products, their financial strength could prevent us

from capturing a share of those markets. It is possible that developments by our competitors will make any products or technologies that we develop or acquire noncompetitive or obsolete.

If our competitors market and/or develop competing product candidates that are marketed more effectively, approved more quickly or demonstrated to be safer or more effective than our product candidates, then our commercial opportunities may be reduced or eliminated.

The biomedical industry is characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary therapeutics. If we are able to obtain regulatory approval of our product candidates related to our OMS technology or any assets we may acquire in the future, we will face competition from products currently marketed by companies much larger than us that address our targeted indications.

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In addition to already marketed products, we also face competition from product candidates that are or could be under development. We expect our product candidates, if approved and commercialized, to compete on the basis of, among other things, product efficacy and safety, time to market, price, patient reimbursement by third-party payors, extent of adverse side effects and convenience of treatment procedures. We may not be able to effectively compete in one or more of these areas. We also may not be able to differentiate any products that we are able to market from those of our competitors or successfully develop or introduce new products that are less costly or offer better results than those of our competitors.

Additionally, our competitors may obtain regulatory approval of their products more rapidly than we are able to or may obtain patent protection or other intellectual property rights that limit or block us from developing or commercializing our product candidates. Our competitors may also develop products that are more effective, more useful, better tolerated, subject to fewer or less severe side effects, more widely prescribed or accepted or less costly than ours and may also be more successful than us in manufacturing and marketing their products. If we are unable to compete effectively with the marketed therapeutics of our competitors or if such competitors are successful in developing products that compete with our potential product candidates that are approved, our business, results of operations, financial condition and prospects may be materially adversely affected.

If we fail to comply with federal and state healthcare laws, including fraud and abuse and health information privacy and security laws, we could face substantial penalties and our business, results of operations, financial condition and prospects could be adversely affected.

Even though we do not and will not control referrals of healthcare services or bill directly to third-party payors, certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients rights may be applicable to our business. We could be subject to healthcare fraud and abuse and patient privacy regulation by both the federal government and the states in which we conduct our business. To the extent that any product we make is sold in a foreign country, we also may be subject to foreign laws and regulations. If we or our operations are found to be in violation of any of these laws or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in U.S. federal or state health care programs, and the curtailment or restructuring of our operations. Any penalties, damages, fines, curtailment or restructuring of our operations could materially adversely affect our ability to operate our business and our financial results. Further, any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management s attention from the operation of our business. Moreover, achieving and sustaining compliance with applicable federal and state privacy, security and fraud laws may prove costly.

We may engage in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.

From time to time we may consider engaging in strategic transactions, such as acquisitions of companies, asset purchases and out-licensing or in-licensing of products, product candidates or technologies. Any such transaction may require us to incur non-recurring or other charges, may increase our near and long-term expenditures and may pose significant integration challenges or disrupt our management or business, which could adversely affect our operations and financial results. For example, these transactions may entail numerous operational and financial risks, including, among others, exposure to unknown liabilities, disruption of our business and diversion of our management s time and attention in order to develop acquired products, product candidates or technologies, difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel, and inability to retain key employees of any acquired businesses. Accordingly, although we may not choose to undertake or may not be able to successfully complete any transactions of the nature described above, any transactions that we do complete could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business and operations would suffer in the event of system failures.

Despite the implementation of security measures, our internal computer systems and those of our current and any future partners, contractors and consultants are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. System failures, accidents or security breaches could cause interruptions in our operations, and could result in a material disruption of our commercialization activities, development programs and our business operations, in addition to possibly requiring substantial expenditures of resources to remedy. The loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the commercialization of any potential product candidate could be delayed.

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If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business.

Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our operating results could be misstated, our reputation may be harmed and the trading price of our stock could be negatively affected. Our controls over financial processes and reporting may not continue to be effective, or we may identify additional material weaknesses or significant deficiencies in our internal controls in the future. Any failure to remediate any future material weaknesses or implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements or other public disclosures. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Maintaining compliance with our obligations as a public company may strain our resources and distract management, and if we do not remain compliant our stock price may be adversely affected.

We are required to evaluate our internal control systems in order to allow management to report on our internal controls as required by Section 404 of the Sarbanes-Oxley Act of 2002, and our management is required to attest to the adequacy of our internal controls. Recent SEC pronouncements suggest that in the next several years we may be required to report our financial results using new International Financial Reporting Standards, replacing GAAP, which would require us to make significant investments in training, hiring, consulting and information technology, among other investments. All of these and other reporting requirements and heightened corporate governance obligations that we face, or will face, will further increase the cost to us, perhaps substantially, of remaining compliant with our obligations under the Securities Exchange Act of 1934, as amended (the Exchange Act) and other applicable laws, including the Sarbanes-Oxley Act and the Dodd-Frank Act of 2010. In order to meet these incremental obligations, we will need to invest in our corporate and accounting infrastructure and systems, and acquire additional services from third party auditors and advisors. As a result of these requirements and investments, we may incur significant additional expenses and may suffer a significant diversion of management s time. There is no guarantee that we will be able to continue to meet these obligations in a timely manner, and we could therefore be subject to sanctions or investigation by regulatory authorities such as the SEC. Any such actions could adversely affect the market price of our common stock, perhaps significantly.

Risks Related to our Common Stock

We have never paid dividends on our capital stock, and we do not anticipate paying any cash dividends in the foreseeable future.

The continued operation and expansion of our business will require substantial funding. Investors seeking cash dividends in the foreseeable future should not purchase our common stock. We have paid no cash dividends on any of our capital stock to date and we currently intend to retain our available cash to fund the development and growth of our business. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock, which may never occur.

If we issue additional shares in the future, our existing stockholders will be diluted.

Our articles of incorporation authorize the issuance of up to 3,200,000,000 shares of common stock with a par value of $0.0001 per share. In addition to capital raising activities, other possible business and financial uses for our authorized common stock include, without limitation, future stock splits, acquiring other companies, businesses or products in exchange for shares of common stock, issuing shares of our common stock to partners in connection with strategic alliances, attracting and retaining employees by the issuance of additional securities under our various equity compensation plans, or other transactions and corporate purposes that our Board of Directors deems are in the Company s best interest. Additionally, shares of common stock could be used for anti-takeover purposes or to delay or prevent changes in control or management of the Company. We cannot provide assurances that any issuances of common stock will be consummated on favorable terms or at all, that they will enhance stockholder value, or that they will not adversely affect our business or the trading price of our common stock. The issuance of any such shares will reduce the book value per share and may contribute to a reduction in the market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will reduce the proportionate ownership and voting power of all current stockholders. Further, such issuance may result in a change of control of our corporation.

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Sales of common stock by our stockholders, or the perception that such sales may occur, could depress our stock price.

Sales of our common stock in the public market following this offering could lower the market price of our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all.

In addition, the market price of our common stock could decline as a result of sales by, or the perceived possibility of sales by, our existing stockholders. Since March 2011, we have completed a number of offerings of our common stock and warrants and as of December 5, 2013, have issued an aggregate of 201,419,600 shares of our common stock, including common stock underlying warrants. Future sales of common stock by significant stockholders, including by those who acquired their shares in our prior offerings or who are affiliates, or the perception that such sales may occur, could depress the price of our common stock.

If outstanding options and warrants to purchase shares of our common stock are exercised, the interests of our stockholders could be diluted.

As of December 5, 2013, in addition to 171,038,526 shares of common stock issued and outstanding, we currently have 9,000,000 shares reserved for issuance under equity compensation plan for vested and unvested stock options. We also have 79,397,574 shares reserved for issuance on the exercise of outstanding warrants as of such date. We may elect to reduce the exercise price of outstanding warrants as a means of providing additional financing to us. The exercise of options and warrants, and the sale of shares underlying such options or warrants, could have an adverse effect on the market for our common stock, including the price that an investor could obtain for their shares. Investors may experience dilution in the net tangible book value of their investment upon the exercise of outstanding options and warrants granted under our stock option plans, and options and warrants that may be granted or issued in the future.

Trading of our stock is restricted by the SEC s penny stock regulations and certain FINRA rules, which may limit a stockholder s ability to buy and sell our common stock.

Our securities are covered by certain penny stock rules, which impose additional sales practice requirements on broker-dealers who sell low-priced securities to persons other than established customers and accredited investors. For transactions covered by these rules, a broker-dealer must make a special suitability determination for the purchaser and have received the purchaser s written consent to the transaction prior to sale, among other things. In addition, the penny stock rules require a broker-dealer, before effecting a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer s account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing before effecting the transaction, and must be given to the customer in writing before or with the customer s confirmation. These rules may affect the ability of broker-dealers and holders to sell our common stock and may negatively impact the level of trading activity for our common stock. To the extent our common stock remains subject to the penny stock regulations, such regulations may discourage investor interest in and adversely affect the market liquidity of our common stock.

The Financial Industry Regulatory Authority (known as FINRA) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

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Our common stock is illiquid and the price of our common stock may be negatively impacted by factors which are unrelated to our operations.

Our common stock only recently began quoting on the OTC Markets Group, Inc. s OTCQB tier (OTCQB), and has a limited trading history on that market. Trading of securities quoted on OTCQB is frequently highly volatile, with low trading volume. Since our common stock became available for trading on the OTCQB, we have experienced significant fluctuations in the stock price and trading volume of our common stock. There is no assurance that a sufficient market will develop in our stock, in which case it could be difficult for stockholders to sell their stock. The market price of our common stock could continue to fluctuate substantially.

Factors affecting the trading price of our common stock may include:

- adverse research and development or clinical trial results;
- our inability to obtain additional capital;
- announcement that the FDA denied our request to approve our products for commercialization in the United States, or similar denial by other regulatory bodies which make independent decisions outside the United States;
- potential negative market reaction to the terms or volume of any issuance of shares of our stock to new investors or service providers;
- sales of substantial amounts of our common stock, or the perception that substantial amounts of our common stock will be sold, by our stockholders in the public market;
- declining working capital to fund operations, or other signs of apparent financial uncertainty;
- significant advances made by competitors that adversely affect our potential market position; and
- the loss of key personnel and the inability to attract and retain additional highly-skilled personnel.

Additionally, our clinical trials will be open-ended and, therefore, there is the possibility that information regarding the success (or setbacks) of our clinical trials may be obtained by the public prior to a formal announcement by us.

SPECIAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Information contained in this prospectus may contain forward-looking statements. Except for the historical information contained in this discussion of the business and the discussion and analysis of financial condition and results of operations, the matters discussed herein are forward looking statements. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words may, will, should, expect, anticipate, estimate, believe, intend or proje negative of these words or other variations on these words or comparable terminology. In addition to the risks and uncertainties described in Risk Factors above and elsewhere in this prospectus, these risks and uncertainties may include consumer trends, business cycles, scientific developments, changes in governmental policy and regulation, and general economic developments. Forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that any projections or other expectations included in any forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

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SELLING STOCKHOLDERS

This prospectus covers the resale from time to time by the selling stockholders identified in the table below of:

- Up to 4,000,000 issued and outstanding shares of our common stock sold to investors in the June 2011 Private Placement (all of which have been resold by the selling stockholders as of December 5, 2013);

- Up to 4,000,000 shares of our common stock issuable upon exercise of Series A warrants sold to investors in the June 2011 Private Placement;

- Up to 240,000 shares of our common stock issuable upon exercise of warrants issued to the placement agents or their respective designees for services rendered in connection with the June 2011 Private Placement; and

- Up to 200,000 issued and outstanding shares of our common stock issued to a consulting firm in connection with its performance of consulting services.

Pursuant to the Registration Rights Agreement executed in connection with the June 2011 Private Placement, we have filed with the SEC a registration statement on Form S-1 (and post-effective amendments thereto pursuant to applicable SEC rules and regulations), of which this prospectus forms a part, under the Securities Act to register these resales. We have also agreed to cause such registration statement to become effective, and to keep such registration statement effective as set forth in the Registration Rights Agreement. Our failure to satisfy the deadlines set forth in the Registration Rights Agreement may subject us to payment of certain monetary penalties pursuant to the terms of the Registration Rights Agreement.

The selling stockholders identified in the table below may from time to time offer and sell under this prospectus any or all of the shares of common stock described under the column Shares of Common Stock Being Offered in this Offering in the table below. The table below has been prepared based upon the information furnished to us by the selling stockholders as of October 22, 2013. The selling stockholders identified below may have sold, transferred or otherwise disposed of some or all of their shares since the date on which the information in the following table is presented in transactions exempt from or not subject to the registration requirements of the Securities Act. Information concerning the selling stockholders may change from time to time and, if necessary, we will amend or supplement this prospectus accordingly.

We have been advised, as noted in the footnotes in the table below, that two of the selling stockholders are broker-dealers and/or underwriters and that certain of the selling stockholders are affiliates of a broker-dealer and/or underwriter. We have been advised that each of these selling stockholders acquired our warrants in the ordinary course of business, not for resale, and that none of these selling stockholders had, at the time of purchase, any agreements or understandings, directly or indirectly, with any person to distribute the related common stock.

The following table and disclosure following the table sets forth the name of each selling stockholder, the nature of any position, office or other material relationship, if any, which the selling stockholder has had, within the past three years, with us or with any of our predecessors or affiliates, and the number of shares of our common stock beneficially owned by the stockholder before this offering. The number of shares owned are those beneficially owned, as determined under the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares of common stock as to which a person has sole or shared voting power or investment power and any shares of common stock which the person has the right to acquire within 60 days of December 5, 2013 through the exercise of any option, warrant or right, through conversion of any security or pursuant to the automatic termination of a power of attorney or revocation of a trust, discretionary account or similar arrangement. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each of the selling stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned.

We have assumed all shares of common stock reflected on the table will be sold from time to time in the offering covered by this prospectus. We cannot provide an estimate as to the number of shares of common stock that will be held by the selling stockholders upon termination of the offering covered by this prospectus because the selling stockholders may offer some or all of their shares of common stock under this prospectus.

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Selling Stockholder	Shares of Common Stock Owned Before this Offering §	Shares of Common Stock Underlying Warrants Owned Before this Offering	Shares of Common Stock Being Offered in this Offering	Shares of Common Stock Owned Upon Completion of this Offering (a) §	Percentage of Common Stock Outstanding Upon Completion of this Offering (b) §
Capital Ventures International (1)	5,379,200	8,800,000	2,000,000	12,179,200	6.9%
Hudson Bay Master Fund Ltd. (2)	0	2,500,000	2,000,000	500,000	
OTA LLC (3)(6)	0	108,000	108,000		
Noam Rubinstein (3)	0	407,800	14,400	393,400	
Kira Sheinerman (3)	0	184,350	21,600	162,750	
Roth Capital Partners, LLC (3)(5)	0	96,000	96,000		
Vista Partners LLC (4)	200,000	0	200,000		

The selling stockholder is a broker-dealer.

The selling stockholder is an affiliate of a broker-dealer.

§ Based upon limited information provided to us by the selling stockholders as of October 22, 2013; provided, however, that no information was provided by the selling stockholders regarding any sales by such selling stockholders prior to the date of this prospectus of our securities that they have acquired in subsequent public offerings of our securities that are unrelated to the June 2011 Private Placement and are not registered on the registration statement of which the prospectus forms a part, and this table assumes that none of those securities have been resold by the selling stockholders. As of the date of effectiveness of the Initial Registration Statement on October 24, 2011, the selling stockholders that participated in the June 2011 Private Placement owned no securities of the Company other than those acquired in connection with the June 2011 Private Placement, and Vista Partners LLC owned no securities of the Company other than those issued by us pursuant to the terms of its consulting agreement. Certain of the selling stockholders have elected to participate in certain of our subsequent public offerings, with Capital Ventures International purchasing 13,600,000 shares of our common stock and warrants to purchase up to an aggregate of 6,800,000 shares of our common stock and Hudson Bay Master Fund Ltd. purchasing 1,600,000 shares of our common stock and warrants to purchase up to an aggregate of 1,000,000 shares of our common stock in such subsequent offerings. The shares of common stock and the shares underlying the warrants issued and sold to such selling stockholders in those subsequent offerings are not being registered by the registration statement of which this prospectus forms a part, and have been registered under the Securities Act under one or more registration statements unrelated hereto. The information in this table does not reflect any of the Company s securities that the selling stockholders may acquire after the date of this prospectus (other than any shares of our common stock that may be issued as a result of the conversion or exercise of previously acquired securities reflected herein).

(a) Assumes that (i) all of the shares of common stock to be registered in the registration statement of which this prospectus is a part, including all shares of common stock underlying warrants held by the selling stockholders and offered hereby, are sold in the offering, (ii) the selling stockholders do not acquire additional shares of our common stock after the date of this prospectus and prior to completion of the offering.

(b) Applicable percentage ownership is based on the sum of (i) 171,038,526 shares of common stock outstanding as of December 5, 2013, and (ii) the number of shares of common stock issuable upon exercise of the warrants or conversion of the convertible securities held by the applicable selling stockholder. The warrants held by the selling stockholders, including those registered in the registration statement of which this prospectus forms a part, include certain exercise limitations, such that the holders thereof may not exercise any such warrants if the conversion or exercise results in the holder becoming the beneficial owner of more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to such conversion or exercise, provided that upon at least 61 days prior notice to us, the holder may increase or decrease such limitation up to a maximum of 9.99% of the number of shares of common stock outstanding.

(1) Includes (a) 2,000,000 shares of common stock issuable upon exercise of the Series A Warrants issued in connection with the June 2011 Private Placement, and (b) 5,379,200 shares of common stock and warrants to purchase up to an

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aggregate of 6,800,000 shares of our common stock issued in connection with subsequent public offerings of our securities. Heights Capital Management, Inc., the authorized agent of Capital Ventures International, has discretionary authority to vote and dispose of the shares held by Capital Ventures International and may be deemed to be the beneficial owner of these shares. Martin Kobinger, in his capacity as Investment Manager of Heights Capital Management, Inc., may also be deemed to have investment discretion and voting power over the shares held by Capital Ventures International. Mr. Kobinger disclaims any such beneficial ownership of the shares.

(2) Includes (a) 2,000,000 shares of common stock issuable upon exercise of the Series A Warrants issued in connection with the June 2011 Private Placement, and (b) warrants to purchase up to an aggregate of 500,000 shares of our common stock issued in connection with subsequent public offerings of our securities. Hudson Bay Capital Management LP, the investment manager of Hudson Bay Master Fund Ltd., has voting and investment power over the securities help by Hudson Bay Master Fund Ltd. Sander Gerber is the managing member of Hudson Bay Capital GP LLC, which is the general partner of Hudson Bay Capital Management LP. Sander Gerber disclaims beneficial ownership over these securities.

(3) Pursuant to the terms of the Placement Agent Agreement, Rodman, a former registered broker dealer, received warrants to purchase 144,000 shares of common stock and a co-placement agent, Roth Capital Partners, LLC (Roth), received warrants to purchase 96,000 shares of common stock for financial advisory services provided in connection with the June 2011 Private Placement. Rodman designated warrants to purchase 14,400 shares of common stock to Noam Rubinstein and 21,600 shares of common stock to Kira Sheinerman. We issued the remaining warrants to purchase 108,000 shares of our common stock to Rodman pursuant to the Placement Agent Agreement, and such warrants were subsequently assigned to OTA, LLC. Each of the warrants has an exercise price of $1.20 per share. We also paid placement agent fees to Rodman and Roth pursuant to the Placement Agent Agreement. Rodman received $108,000 in fees and $30,000 in expense reimbursements. Roth received $72,000 in fees.

As of the date of this prospectus, Mr. Rubinstein and Ms. Sheinerman have also been issued warrants to purchase 393,400 and 162,750 shares of our common stock, respectively, as designees of the placement agent in subsequent public offerings of our securities that are not registered under the registration statement of which this prospectus forms a part.

(4) Includes 200,000 shares of our common stock issued to Vista Partners LLC pursuant to our consulting agreement with Vista Partners LLC. Vista Partner LLC did not participate in the June 2011 Private Placement. Vista Partners LLC has discretionary authority to vote and dispose of the shares held by Vista Partners LLC and may be deemed to be the beneficial owner of these shares. Ross Silver, in his capacity as managing director of Vista Partners LLC, has sole voting and dispositive powers over the shares held by Vista Partners LLC. Mr. Silver disclaims beneficial ownership of these securities. We made one payment of $12,500 to Vista for reimbursement of expenses under the consulting agreement. We are not obligated to make any further payments to Vista for its services under the consulting agreement other than the reimbursement of reasonable expenses.

(5) Each of Bryon Roth and Gordon Roth has voting and investment control over the securities beneficially owned by Roth.

(6) Ira Leventhal is the Senior Managing Director of OTA LLC and has voting and dispositive control over the shares originally issued to Rodman and beneficially owned by OTA LLC.

Other than as described in the above table and accompanying footnotes or as further described below, (a) we have not made, and are not required to make, any potential payments to any selling stockholder, any affiliate of a selling stockholder, or any person with whom any selling stockholder has a contractual relationship regarding the transactions and (b) other than in connection with the June 2011 Private Placement or our subsequent public offerings, or in the case of Vista, entry into the consulting agreement with us, the selling stockholders have not had, and do not have, any material relationship with us except for their ownership of our common stock.

The holders of the warrants issued in the June 2011 Private Placement have ongoing rights to exercise the warrants during their term of exercise. We have disclosed the material terms of the warrants issued in the June 2011 Private Placement elsewhere in this prospectus. In addition, the participants in the June 2011 Private Placement have ongoing registration rights related to the securities issued in the June 2011 Private Placement pursuant to the terms of the Registration Rights Agreement, and Vista has certain registration rights pursuant to the terms of the consulting agreement.

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We may be required to make certain payments to the investors in the June 2011 Private Placement under certain circumstances pursuant to the terms of the Securities Purchase Agreement and the Registration Rights Agreement. These potential payments include: (a) potential liquidated damages for failure to register the common stock issued or issuable upon exercise of warrants to the investors in the June 2011 Private Placement (such liquidated damages not to exceed 9% of the aggregate subscription amount paid by each investor in the June 2011 Private Placement); (b) amounts payable if we fail to timely deliver certificates representing the required number of shares upon exercise of the Series A Warrants; and (c) amounts payable if we or our transfer agent fail to timely remove certain restrictive legends from certificates representing shares issued or issuable in the June 2011 Private Placement. We intend to comply with the requirements of the Registration Rights Agreement and do not currently expect to make any such payments; however, it is possible that such payments may be required.

The Securities Purchase Agreement granted to the investors, until the eighteen month anniversary of the date of the agreement, the right to participate in any financing by us through an issuance of our common stock for cash or indebtedness up to an amount equal to 50% of such financing and on the same pricing and other terms and conditions as such financing. As of the date of this prospectus, such participation right has expired.

DETERMINATION OF OFFERING PRICE

The selling stockholders will determine at what price they may sell the shares of common stock offered by this prospectus, and such sales may be made at prevailing market prices, at prices related to prevailing market prices or at privately negotiated prices.

PLAN OF DISTRIBUTION

Each selling stockholder of the securities and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their securities covered hereby on the OTCQB Marketplace or any other stock exchange, market or trading facility on which the securities are traded or in private transactions. These sales may be at fixed or negotiated prices. A selling stockholder may use any one or more of the following methods when selling securities:

- ordinary brokerage transactions and transactions in which the broker dealer solicits purchasers;

- block trades in which the broker dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by a broker dealer as principal and resale by the broker dealer for its account;

- an exchange distribution in accordance with the rules of the applicable exchange;

- privately negotiated transactions;

- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;

- in transactions through broker dealers that agree with the selling stockholders to sell a specified number of such securities at a stipulated price per security;

- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

- a combination of any such methods of sale; or

- any other method permitted pursuant to applicable law.

The selling stockholders may also sell securities under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker dealers engaged by the selling stockholders may arrange for other broker dealers to participate in sales. Broker dealers may receive commissions or discounts from the selling stockholders (or, if any broker dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

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In connection with the sale of the securities or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the securities in the course of hedging the positions they assume. The selling stockholders may also sell securities short and deliver these securities to close out their short positions, or loan or pledge the securities to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or create one or more derivative securities which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The selling stockholders and any broker-dealers or agents that are involved in selling the securities may be deemed to be underwriters within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each selling stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the securities. The Company has agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because selling stockholders may be deemed to be underwriters within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. The selling stockholders have advised us that there is no underwriter or coordinating broker acting in connection with the proposed sale of the resale securities by the selling stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the securities may be resold by the selling stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for the Company to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the selling stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of securities of the common stock by the selling stockholders or any other person. We will make copies of this prospectus available to the selling stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

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USE OF PROCEEDS

We will not receive proceeds from the sale of common stock under this prospectus. We will, however, receive approximately $2.1 million from the selling stockholders if they exercise their warrants in full on a cash basis, which we expect we would use primarily for working capital purposes. We may also use a portion of any proceeds we may receive from the exercise of such warrants to satisfy certain indebtedness to Inovio pursuant to the Asset Purchase Agreement, including our $1 million payment due to Inovio in December 2013. The warrant holders may exercise their warrants at any time in accordance with the terms thereof until their expiration, as further described under Description of Securities. If there is no effective registration statement registering the resale of the common stock underlying the warrants as of certain time periods (as provided in the warrants), the warrant holders may choose to exercise their warrants on a cashless exercise or net exercise basis. If they do so, we will not receive any proceeds from the exercise of the warrants. Because the warrant holders may exercise the warrants largely in their own discretion, if at all, we cannot plan on specific uses of proceeds beyond application of proceeds to the purposes herein described. We have agreed to bear the expenses (other than any underwriting discounts or commissions or agent s commissions) in connection with the registration of the common stock being offered hereby by the selling stockholders.

DESCRIPTION OF SECURITIES

Authorized Capital Stock

On March 1, 2011, we effected a 32 for one forward stock split of our common stock. As a result, our authorized capital has increased from 100,000,000 shares of common stock at $0.001 par value to 3,200,000,000 shares of common stock at $0.0001 par value. Following the effectiveness of the forward split, our outstanding capital stock increased from 2,140,000 shares of common stock to 68,480,000 shares of common stock. On February 28, 2011, the Company s former majority shareholders and directors, Ronald Dela Cruz and David Marby, entered into an agreement to sell certain of the shares held by them to Mr. Punit Dhillon, Dr. Avtar Dhillon and certain other purchasers in a private transaction. The Company was not a party to this agreement. As a condition of their acquisition of such shares from Mr. Dela Cruz and Mr. Marby, the purchasers of such shares required Mr. Dela Cruz and Mr. Marby to cancel and return to the Company the remaining shares of the Company s common stock held by them, for no consideration. On March 22, 2011, 17,280,000 shares of common stock held by Mr. Dela Cruz and Mr. Marby were returned to the Company for no consideration. The shares were not retired and are available for future issuance.

Capital Stock Issued and Outstanding

As of December 5, 2013, there were issued and outstanding:

- 171,038,526 shares of common stock, including 47,792,000 shares issued to investors in the September 2013 Public Offering; 28,800,000 shares issued to investors in the December 2012 Public Offering; 31,000,000 shares issued to investors in the March 2012 Public Offering; 4,000,000 share issued to investors in the June 2011 Private Placement; and 1,456,000 shares issued as part of units to three subscribers in an offshore transaction pursuant to Regulation S promulgated under the Securities Act (the March 2011 Private Placement);

- Options to purchase 4,978,956 shares of common stock at exercise prices ranging from $0.18 to $0.42 per share, issued to employees, directors, and consultants under the 2011 Plan;

- Warrants to purchase 1,456,000 shares of common stock at a price of $1.00 per share, issued as part of units issued in the March 2011 Private Placement;

- Series A Warrants to purchase 4,240,000 shares at an exercise price of $1.20 per share issued to two investors, two placement agents and two designees of a placement agent in connection with the June 2011 Private Placement;

- Warrants to purchase 30,697,000 and 1,550,000 shares of common stock at an exercise price of $0.35 and $0.3125 per share, respectively, issued to the investors, and the placement agent designees and the financial advisor in connection with the March 2012 Public Offering;

- Warrants to purchase 1,000,000 and 3,000,000 shares of common stock with an exercise price of $1.20 and $1.00 per share issued to Inovio on September 28, 2011 and March 24, 2012, respectively;

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- Warrants to purchase 9,728,974 and 1,440,000 shares of common stock at an exercise price of $0.26 and $0.3125 per share, respectively, issued to the investors, and the placement agent designees and the financial advisor in connection with the December 2012 Public Offering; and

- Warrants to purchase 23,896,000 and 2,389,600 shares of common stock at an exercise price of $0.35 and $0.3125 per share, respectively, issued to investors, and the placement agent designees and the financial advisor in connection with the September 2013 Public Offering.

Description of Common Stock

We are authorized to issue 3,200,000,000 shares of common stock. The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by all shares of common stock that are present in person or represented by proxy, subject to any voting rights granted to holders of any preferred stock that we may issue. Except as otherwise provided by law, and subject to any voting rights granted to holders of any preferred stock that we may issue, amendments to our articles of incorporation generally must be approved by a majority of the votes entitled to be cast by all outstanding shares of common stock. Our articles of incorporation do not provide for cumulative voting in the election of directors. Subject to any preferential rights of any outstanding series of preferred stock created by our Board of Directors from time to time, the holders of our common stock will be entitled to cash dividends as may be declared, if any, by our Board of Directors from funds available. Subject to any preferential rights of any outstanding series of preferred stock that we may issue, upon liquidation, dissolution or winding up of our company, the holders of our common stock will be entitled to receive pro rata all assets available for distribution to the holders.

Our common stock is traded on the OTCQB Marketplace under the symbol ONCS .

Description of Warrants

Warrants Issued in the March 2011 Private Placement

In March 2011, we sold 1,456,000 units to three investors pursuant to an exemption from registration under Regulation S under the Securities Act. Each unit consisted of one share of our common stock and one share purchase warrant entitling the holder to acquire one share of our common stock at an exercise price of $1.00 per share. We are not obligated to register any of the shares issued or issuable upon exercise of the warrants issued in such private placement.

The warrants issued in the March 2011 Private Placement have a term of five years. They provide for the adjustment of the exercise price and number of shares issuable upon exercise of the warrant in connection with a stock split or reverse stock split of the shares of our common stock, such that the number of shares issuable upon exercise of the warrant is adjusted in proportion to the change in the number of outstanding shares

of common stock as a result of the event. Upon a capital reorganization or reclassification, or merger of the Company with or into any other company, each warrant will confer the right to purchase the number of shares or other securities of the Company (or of the company resulting from such transaction) which the holder would have been entitled to if the warrant holder had been a stockholder at the time of such transaction.

Warrants Issued in the June 2011 Private Placement and Registered in this Registration Statement

On June 24, 2011, the two investors in the June 2011 Private Placement were each issued a Series A Warrant, a Series B Warrant and a Series C Warrant, with each such warrant exercisable for up to 2,000,000 shares of our common stock. The Series A Warrants have an exercise price of $1.20 per share and expire on June 24, 2016. The Series B Warrants and the Series C Warrants expired in February 2012 and are no longer outstanding. In addition, we issued warrants to purchase 144,000 shares of our common stock to Rodman & Renshaw, LLC or its designees and 96,000 shares of our common stock to Roth Capital Partners, LLC pursuant to the terms of a Placement Agent Agreement entered into in connection with the June 2011 Private Placement. The warrants are exercisable for $1.20 per share for five years following their issuance and their terms are otherwise similar to those of the Series A Warrants.

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The exercise of the Series A Warrants is subject to certain exercise limitations, such that a holder thereof may not exercise the Series A Warrants if such exercise results in the holder becoming the beneficial owner of more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to such exercise, provided that upon at least 61 days prior notice to us, the holder may increase or decrease such limitation up to a maximum of 9.99% of the number of shares of common stock outstanding.

The Series A Warrants provide for the adjustment of the exercise price and number of shares issuable upon exercise of the warrants under the following circumstances, as more fully set forth in the Series A Warrants:

Stock dividend or distribution; forward or reverse stock split of our common stock:	Number of shares issuable upon exercise of the Warrant is adjusted in proportion to the change in the number of outstanding shares of common stock as a result of the event.
Subdivision or combination of outstanding shares of common stock:	Exercise price is further adjusted to the lower of (a) the exercise price as adjusted and (b) the average of the volume weighted average price (VWAP) of the common stock for the five trading days immediately following the date on which the applicable subdivision or combination becomes effective.
Distribution of dividends, rights, warrants or other assets to all holders of common stock and excluding the Warrant:	The exercise price is adjusted by multiplying the then-effective exercise price by a fraction, of which the denominator would be the VWAP of the common stock as of such distribution and the numerator would be such VWAP less the then per share fair market value of the portion of the dividends or other assets so distributed applicable to one outstanding share of our common stock.

In addition, upon the reclassification, reorganization or recapitalization of our common stock, our merger or consolidation with or into another entity, the consummation of a stock purchase agreement whereby more than 50% of the outstanding shares of the common stock are acquired by another person or entity, or a sale or other disposition of substantially all of our assets, the holder of each of the Series A Warrants is entitled to receive the number of shares of our common stock or the common stock of our successor or acquirer that such holder would have been entitled to receive immediately prior to such transaction, and the exercise price for such shares shall be adjusted based on the amount of any alternate consideration receivable as a result of such transaction by a holder of the number of shares of common stock for which the warrant is exercisable immediately prior to such transaction. The holder of the warrant may also require us or any successor entity to purchase the warrant from the holder by paying to the holder an amount of cash equal to the Black-Scholes value of the remaining unexercised portion of the warrant on the date of the consummation of the transaction.

The Series A Warrants also contain adjustment price-based anti-dilution provisions, which are generally triggered upon our issuance of common stock at a lower effective price than the applicable warrant s exercise price (subject to a floor price of $0.50 per share). On March 28, 2012, the exercise price of the Series A Warrants reset to $0.50 upon the closing of the March 2012 Public Offering.

Warrants Issued in the March 2012 Public Offering

On March 28, 2012, we issued a warrant to purchase one share of common stock for each share of common stock purchased by the investors participating in the March 2012 Public Offering, or warrants to purchase 31,000,000 shares. Each warrant has an exercise price of $0.35 per

share and is subject to a five year term.

In addition, we issued warrants to purchase 1,085,000 shares of our common stock to Rodman & Renshaw, LLC or its designees and 465,000 shares of our common stock to Roth Capital Partners, LLC pursuant to the terms of a Placement Agent Agreement entered into in connection with the March 2012 Public Offering. The warrants have an exercise price of $0.3125 per share and are subject to a five year term. These warrants have terms similar to those issued to investors in the March 2012 Public Offering.

The exercise of the warrants is subject to certain exercise limitations, such that the holder may not exercise the warrants if such exercise results in the holder becoming the beneficial owner of more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to such exercise, provided that upon at least 61 days prior notice to us, the holder may increase or decrease such limitation up to a maximum of 9.99% of the number of shares of common stock outstanding.

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The warrants provide for the proportionate adjustment of the number of shares issuable upon exercise of the warrants in connection with stock dividends and splits provided that the aggregate exercise price of the warrant remains unchanged. In addition, if we grant, issue or sell any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of common stock (and not the holder of the warrant), then the warrant holder will be entitled to acquire, upon the terms applicable to such purchase rights, the aggregate purchase rights which the holder could have acquired if the holder had held the number of shares of common stock acquirable upon complete exercise of the warrant. If we declare or make any dividend or other distribution of our assets to holders of our common stock, the warrant holder shall be entitled to participate in the distribution to the same extent that the holder would have participated therein if the holder had held the number of shares of common stock acquirable upon complete exercise of the warrant. Other than as described above, the warrants do not contain anti-dilution provisions.

Upon the reclassification, reorganization or recapitalization of our common stock, our merger or consolidation with or into another entity, the consummation of a stock purchase agreement whereby more than 50% of the outstanding shares of the common stock are acquired by another person or entity, or a sale or other disposition of substantially all of our assets, the holder of each of the warrants is entitled to receive the number of shares of our common stock or the common stock of our successor or acquirer that such holder would have been entitled to receive immediately prior to such transaction, and the exercise price for such shares shall be adjusted based on the amount of any alternate consideration receivable as a result of such transaction by a holder of the number of shares of common stock for which the warrant is exercisable immediately prior to such transaction. The holder of the warrant may also require us or any successor entity to purchase the warrant from the holder by paying to the holder an amount of cash equal to the Black Scholes value of the remaining unexercised portion of the warrant on the date of the consummation of the transaction.

Warrants Issued in the December 2012 Public Offering

On December 17, 2012, we issued a warrant to purchase up to one half of a share of common stock for each share of common stock purchased by the investors participating in the December 2012 Public Offering, or warrants to purchase 14,400,000 shares. The warrants are exercisable for $0.26 per share and are subject to a four year term. In addition, pursuant to our placement agent agreement for the December 2012 Public Offering, we issued warrants to purchase (i) 720,000 shares of our common stock to our lead placement agent, Dawson James Securities, Inc. or its designees and (ii) 360,000 shares of our common stock to each of our financial advisors in this offering, Noble International Investments, Inc. and Burrill, LLC. The warrants are exercisable for $0.3125 per share, are subject to a five year term and their terms are otherwise similar to those issued to investors in the December 2012 Public Offering.

The exercise of the warrants is subject to certain exercise limitations, such that the holder may not exercise the warrants if such exercise results in the holder becoming the beneficial owner of more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to such exercise, provided that upon at least 61 days prior notice to us, the holder may increase or decrease such limitation up to a maximum of 9.99% of the number of shares of common stock outstanding.

The warrants provide for the adjustment of the exercise price and number of shares issuable upon exercise of the warrants in connection with stock dividends and splits, such that the number of shares issuable upon exercise of the warrant is adjusted in proportion to the change in the number of the number of shares outstanding and the aggregate exercise price of the warrant remains unchanged. In addition, if we grant, issue or sell any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of common stock (and not the holder of the warrant), then the warrant holder will be entitled to acquire, upon the terms applicable to such purchase rights, the aggregate purchase rights which the holder could have acquired if the holder had held the number of shares of common stock acquirable upon complete exercise of the warrant. If we declare or make any dividend or other distribution of our assets to holders of our common stock, the warrant holder shall be entitled to participate in the distribution to the same extent that the holder would have participated therein if the holder had held the number of shares of common stock acquirable upon complete exercise of the warrant. Other than as described

above, the warrants do not contain anti-dilution provisions.

Upon the reclassification, reorganization or recapitalization of our common stock, our merger or consolidation with or into another entity, the consummation of a stock purchase agreement whereby more than 50% of the outstanding shares of the common stock are acquired by another person or entity, or a sale or other disposition of substantially all of our assets, the holder of each of the warrants is entitled to receive the number of shares of our common stock or the common stock of our successor or acquirer that such holder would have been entitled to receive immediately prior to such transaction, and the exercise price for such shares shall be adjusted based on the amount of any alternate consideration receivable as a result of

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such transaction by a holder of the number of shares of common stock for which the warrant is exercisable immediately prior to such transaction. The holder of the warrant may also require us or any successor entity to purchase the warrant from the holder by paying to the holder an amount of cash equal to the Black Scholes value of the remaining unexercised portion of the warrant on the date of the consummation of the transaction.

Warrants Issued in the September 2013 Public Offering

On September 18, 2013, we issued a warrant to purchase up to one half of a share of common stock for each share of common stock purchased by the investors participating in the September 2013 Public Offering, or warrants to purchase 23,896,000 shares. The warrants are exercisable for $0.35 per share and are subject to a four year term. In addition, pursuant to our placement agent agreement for the September 2013 Public Offering, we issued warrants to purchase (i) 1,911,680 shares of our common stock to our lead placement agent, H.C. Wainwright & Co., LLC or its designees and (ii) 477,920 shares of our common stock to our financial advisor in this offering, Maxim Group LLC. The warrants are exercisable for $0.3125 per share, are subject to a five year term and their terms are otherwise similar to those issued to investors in the September 2013 Public Offering.

The exercise of the warrants is subject to certain exercise limitations, such that the holder may not exercise the warrants if such exercise results in the holder becoming the beneficial owner of more than 4.99% of the number of shares of common stock outstanding immediately after giving effect to such exercise, provided that upon at least 61 days prior notice to us, the holder may increase or decrease such limitation up to a maximum of 9.99% of the number of shares of common stock outstanding.

The warrants provide for the adjustment of the exercise price and number of shares issuable upon exercise of the warrants in connection with stock dividends and splits, such that the number of shares issuable upon exercise of the warrant is adjusted in proportion to the change in the number of shares outstanding and the aggregate exercise price of the warrant remains unchanged. In addition, if we grant, issue or sell any common stock equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of common stock (and not the holder of the warrant), then the warrant holder will be entitled to acquire, upon the terms applicable to such purchase rights, the aggregate purchase rights which the holder could have acquired if the holder had held the number of shares of common stock acquirable upon complete exercise of the warrant. If we declare or make any dividend or other distribution of our assets to holders of our common stock, the warrant holder shall be entitled to participate in the distribution to the same extent that the holder would have participated therein if the holder had held the number of shares of common stock acquirable upon complete exercise of the warrant. Other than as described above, the warrants do not contain anti-dilution provisions.

Upon the reclassification, reorganization or recapitalization of our common stock, our merger or consolidation with or into another entity, the consummation of a stock purchase agreement whereby more than 50% of the outstanding shares of the common stock are acquired by another person or entity, or a sale or other disposition of substantially all of our assets, the holder of each of the warrants is entitled to receive the number of shares of our common stock or the common stock of our successor or acquirer that such holder would have been entitled to receive immediately prior to such transaction, and the exercise price for such shares shall be adjusted based on the amount of any alternate consideration receivable as a result of such transaction by a holder of the number of shares of common stock for which the warrant is exercisable immediately prior to such transaction. The holder of the warrant may also require us or any successor entity to purchase the warrant from the holder by paying to the holder an amount of cash equal to the Black Scholes value of the remaining unexercised portion of the warrant on the date of the consummation of the transaction.

Inovio Warrants

In September 2011, in consideration for an amendment to the Asset Purchase Agreement with Inovio, we issued to Inovio a warrant to purchase 1,000,000 shares of our common stock. The warrant is exercisable for $1.20 per share and is subject to a five year term from the date of issuance. The warrant also contains a mandatory exercise provision allowing us to request the exercise of the warrant in whole provided that our daily market price (as that term is defined in the warrant) is equal to or greater than $2.40 for 20 consecutive trading days.

In March 2012, in consideration for a second amendment to the Asset Purchase Agreement, we issued to Inovio a warrant to purchase 3,000,000 shares of our common stock at an exercise price of $1.00 per share. The warrant contains the same terms as the previous warrant issued to Inovio.

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The warrants issued to Inovio provide for the adjustment of the exercise price and number of shares issuable upon exercise of the warrants in connection with the payment of a dividend or distribution on common stock in shares of common stock or a stock split or reverse stock split of the shares of our common stock, such that the number of shares issuable upon exercise of the warrant is adjusted in proportion to the change in the number of outstanding shares of common stock as a result of the event. In addition, the exercise price and number of shares issuable upon exercise of the warrants is subject to adjustment upon the distribution or dividend to our common stockholders of cash, property, or warrants to purchase common stock.

Upon the acquisition by an individual or legal entity or group of more than one-half of the voting rights or equity interests in the Company; or the sale, conveyance, or other disposition of all or substantially all of the assets, property or business of the Company or the merger into or consolidation with any other corporation (other than a wholly owned subsidiary corporation) or effectuation of any transaction or series of related transactions where holders of the Company s voting securities prior to such transaction or series of transactions fail to continue to hold at least 50% of the voting power of the Company, the holder of the warrant has the right to receive, for each share of stock that would have been issuable upon exercise of the warrant immediately prior to the occurrence of such change of control, the number of shares of common stock of the successor or acquiring corporation that the holder would have received if the holder had exercised immediately prior to the change of control, and any additional consideration receivable as a result of such change of control by a holder of the number of shares of common stock for which the warrant is exercisable immediately prior to such change of control.

Liability and Indemnification of Directors and Officers

Nevada Revised Statutes provide us with the power to indemnify any of our directors and officers. The director or officer must have conducted himself/herself in good faith and reasonably believe that his/her conduct was in, or not opposed to, our best interests. In a criminal action, the director or officer must not have had reasonable cause to believe his/her conduct was unlawful.

Under applicable sections of the Nevada Revised Statutes, advances for expenses may be made by agreement if the director or officer affirms in writing that he/she believes he/she has met the standards and will personally repay the expenses if it is determined the officer or director did not meet the standards.

Our bylaws include an indemnification provision under which we must indemnify any of our directors or officers, or any of our former directors or officers, to the full extent permitted by law. If Section 2115 of the California Corporations Code is applicable to us, certain laws of California relating to the indemnification of directors, officer and others also will govern.

At present, there is no pending litigation or proceeding involving any of our directors or officers for which indemnification is sought, nor are we aware of any threatened litigation that is likely to result in claims for indemnification. We also maintain insurance policies that indemnify our directors and officers against various liabilities, including liabilities arising under the Securities Act, which may be incurred by any director or officer in his or her capacity as such.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event a claim for

indemnification against such liabilities (other than payment by us for expenses incurred or paid by a director, officer or controlling person of ours in successful defense of any action, suit, or proceeding) is asserted by a director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction, the question of whether such indemnification by it is against public policy in the Securities Act and will be governed by the final adjudication of such issue.

Anti-Takeover Provisions of Nevada State Law

Some features of the Nevada Revised Statutes, which are further described below, may have the effect of deterring third parties from making takeover bids for control of us or may be used to hinder or delay a takeover bid. This would decrease the chance that our stockholders would realize a premium over market price for their shares of common stock as a result of a takeover bid.

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Acquisition of Controlling Interest

The Nevada Revised Statutes contain provisions governing acquisition of a controlling interest of a Nevada corporation. These provisions provide generally that any person or entity that acquires a certain percentage of the outstanding voting shares of a Nevada corporation may be denied voting rights with respect to the acquired shares, unless certain criteria are satisfied. Our Amended and Restated Bylaws provide that these provisions will not apply to us or to any existing or future stockholder or stockholders.

Combination with Interested Stockholder

The Nevada Revised Statutes contain provisions governing the combination of a Nevada corporation that has 200 or more stockholders of record with an interested stockholder. These provisions may have the effect of delaying or making it more difficult to affect a change in control of our company.

A corporation affected by these provisions may not engage in a combination within three years after the interested stockholder acquires his, her or its shares unless the combination or purchase is approved by the board of directors before the interested stockholder acquired such shares. Generally, if approval is not obtained, then after the expiration of the three-year period, the business combination may be consummated with the approval of the board of directors before the person became an interested stockholder or a majority of the voting power held by disinterested stockholders, or if the consideration to be received per share by disinterested stockholders is at least equal to the highest of:

- the highest price per share paid by the interested stockholder within the three years immediately preceding the date of the announcement of the combination or within three years immediately before, or in, the transaction in which he, she or it became an interested stockholder, whichever is higher;

- the market value per share on the date of announcement of the combination or the date the person became an interested stockholder, whichever is higher; or

- if higher for the holders of preferred stock, the highest liquidation value of the preferred stock, if any.

Generally, these provisions define an interested stockholder as a person who is the beneficial owner, directly or indirectly of 10% or more of the voting power of the outstanding voting shares of a corporation, and define combination to include any merger or consolidation with an interested stockholder, or any sale, lease, exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions with an interested stockholder of assets of the corporation having:

- an aggregate market value equal to 5% or more of the aggregate market value of the assets of the corporation;

- an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation; or

- representing 10% or more of the earning power or net income of the corporation.

Articles of Incorporation and Bylaws

There are no provisions in our articles of incorporation or our bylaws that would delay, defer or prevent a change in control of our company and that would operate only with respect to an extraordinary corporate transaction involving our company or any of our subsidiaries, such as merger, reorganization, tender offer, sale or transfer of substantially all of its assets, or liquidation.

Transfer Agent

The transfer agent for our common stock is Nevada Agency and Transfer Company. The transfer agent s address is 50 West Liberty Street, Suite 880, Reno, Nevada 89501.

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MARKET PRICE OF AND DIVIDENDS ON COMMON STOCK AND RELATED MATTERS

Trading Information

Our common stock has been quoted on OTCQB Marketplace under the symbol ONCS since March 2011. Prior to March 2011, our common stock traded on the OTCQB and the OTC Bulletin Board under the symbol NTVS. As soon as practicable, and assuming we satisfy all necessary initial listing requirements, we intend to apply to have our common stock listed for trading on a national securities exchange, although we cannot be certain that any application would be approved or that we will ever be able to satisfy the qualitative or quantitative listing requirements for our common stock to be listed on an exchange. We do not intend to apply for listing of the warrants registered in the registration statement of which this prospectus forms a part on any securities exchange, and we do not expect that those warrants will be quoted on the OTCQB.

The transfer agent for our common stock is Nevada Agency and Transfer Company at 50 West Liberty Street, Suite 880, Reno, Nevada 89501.

The following table sets forth the range of reported high and low closing bid quotations for our common stock for the fiscal quarters indicated as reported on the OTCQB. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	High	Low
Fiscal 2012		
First Quarter ended October 31, 2011	$ 1.00	$ 0.31
Second Quarter ended January 31, 2012	$ 0.81	$ 0.12
Third Quarter ended April 30, 2012	$ 1.00	$ 0.18
Fourth Quarter ended July 31, 2012	$ 0.30	$ 0.15
Fiscal 2013		
First Quarter ended October 31, 2012	$ 0.49	$ 0.18
Second Quarter ended January 31, 2013	$ 0.41	$ 0.20
Third Quarter ended April 30, 2013	$ 0.29	$ 0.18
Fourth Quarter ended July 31, 2013	$ 0.34	$ 0.23
Fiscal 2014		
First Quarter ended October 31, 2013	$ 0.36	$ 0.24
Second Quarter ending January 31, 2014 (through December 5, 2013)	$ 0.33	$ 0.26

Our common stock is thinly traded and any reported sale prices may not be a true market-based valuation of our common stock. On December 5, 2013, the closing bid price of our common stock, as reported on the OTCQB, was $0.30.

As of December 5, 2013, there were 38 holders of record of our common stock, not including stockholders whose shares are held in street name.

Dividends

We have never declared or paid any cash dividends or distributions on our capital stock. We currently intend to retain our future earnings, if any, to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

In May 2011, our Board of Directors adopted the 2011 Plan. The 2011 Plan was approved by our stockholders in March 2012 and originally authorized the Board of Directors to grant equity awards to employees, directors, and consultants for up to 5,200,000 shares of our common stock. On April 15, 2013, our stockholders approved an amendment to the 2011 Plan to authorize the issuance of an additional 3,800,000 shares of our common stock under the 2011 Plan, increasing the total number of shares reserved for issuance under the 2011 Plan to 9,000,000 shares. The 2011 Plan provides for the issuance of a variety of forms of awards, including stock options, stock appreciation rights, restricted stock and restricted stock units. The following table provides information as of July 31, 2013, with respect to our equity compensation plans:

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Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	5,150,000	$ 0.23	3,083,500
Equity compensation plans not approved by security holders			
Total	5,150,000	$ 0.23	3,083,500

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes contained elsewhere in this prospectus. In addition to historical information, the following discussion contains forward-looking statements based upon current expectations that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to risks described in the section entitled Risk Factors and elsewhere in this prospectus.

Company Overview

We were incorporated under the laws of the State of Nevada on February 8, 2008 under the name Netventory Solutions Inc. to pursue the business of inventory management solutions. Effective March 1, 2011, we effected a 32 for one forward stock split of our common stock and completed a merger with our subsidiary, OncoSec Medical Incorporated, a Nevada corporation which was incorporated solely to effect the change in our name to OncoSec Medical Incorporated .

Recent Events September 2013 Public Offering

On September 18, 2013, we closed a registered public offering and issued an aggregate of 47,792,000 shares of our common stock and warrants to purchase an aggregate of 23,896,000 shares of common stock for gross proceeds of approximately $11.95 million (the September 2013 Public Offering). The warrants have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to four years from the date of issuance of the warrants. After deducting for fees and expenses, the aggregate net proceeds to us from the sale of the common stock and the warrants in the September 2013 Public Offering were approximately $11.1 million.

In connection with the offering, we paid placement agent fees consisting of (i) a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds and (ii) warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or 2,389,600 shares of our common stock (the September 2013 Placement

Agent Warrants). The September 2013 Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and expire on September 13, 2018. We intend to use the net proceeds from the September 2013 Public Offering for general corporate purposes, including clinical trial expenses and research and development expenses. As described below, we are obligated to make a final payment of $1 million to Inovio on December 31, 2013.

Asset Purchase Agreement

We have acquired certain assets pursuant to our Asset Purchase Agreement with Inovio Pharmaceuticals, Inc. (Inovio), dated March 14, 2011 (as amended, the Asset Purchase Agreement). The acquired assets relate to certain non-DNA vaccine technology and intellectual property relating to selective tumor ablation technologies, which we now refer to as the OncoSec Medical System (OMS), a therapy which uses an electroporation device to facilitate delivery of chemotherapy agents, or nucleic acids encoding cytokines, into tumors and/or surrounding tissue for the treatment and diagnosis of various cancers. The acquired assets included various assets related to the OMS technology.

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We did not assume any of the liabilities of Inovio except liabilities under the assigned contracts and assigned intellectual property arising after the closing date of the Asset Purchase Agreement. We agreed to pay Inovio $3,000,000 in scheduled payments beginning on the closing date as well as certain royalties in the event we commercialize our OMS technology. We have entered into amendments to the Asset Purchase Agreement with Inovio in September 2011 (the First Amendment) and in March 2012 (the Second Amendment) to modify the terms of our payment obligations (among other modifications). We recently made a payment of $1 million to Inovio in May 2013 and we are required to make a final payment to Inovio of $1 million on December 31, 2013. In consideration for the First Amendment we issued to Inovio a warrant to purchase 1,000,000 shares of common stock with an exercise price of $1.20 per share. In consideration for the Second Amendment, we issued to Inovio a warrant to purchase 3,000,000 shares of our common stock with an exercise price of $1.00 per share. Each of the warrants is subject to a five year term. Each of the warrants also contains a mandatory exercise provision allowing us to request the exercise of the warrant in whole provided that our daily market price (as defined in the warrant) is equal to or greater than $2.40 for twenty consecutive trading days. We completed an evaluation of the warrants issued to Inovio and determined the warrants should be classified as equity within our consolidated balance sheet.

We are also party to a cross-license agreement with Inovio, which we entered into concurrently with the closing of our asset acquisition. This agreement provides for the exclusive license to Inovio of rights related to certain OMS technology patents in the field of gene or nucleic acids, outside of those encoding cytokines, delivered by electroporation and for the non-exclusive cross-license by Inovio to us of rights related to certain non-OMS technology patents in the OMS field in exchange for specified sublicensing and other licensing fees and royalties.

We are focused on designing, developing and commercializing innovative and proprietary medical approaches for the treatment of solid tumors where currently approved therapies are inadequate based on their therapeutic benefit or side-effect profile. Our therapies are based on the use of electroporation to deliver either an approved chemotherapeutic agent (NeoPulse), or a DNA plasmid construct that encodes for a cytokine (ImmunoPulse) to treat solid tumors. NeoPulse and ImmunoPulse specifically target destruction of cancerous cells and not healthy normal tissues. Our goal is to improve the lives of people suffering from the life-altering effects of cancer through the development of our novel treatment approaches. We have initiated three Phase II clinical trials for the use of our therapies to treat metastatic melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma.

University of South Florida License

On August 24, 2012, we secured an exclusive license for specific patented technology from the University of South Florida Research Foundation relating to the delivery of gene-based therapeutics via intratumoral and intramuscular electroporation. This patent is directly supports our clinical development focus in solid tumor applications and specifically metastatic melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma using our ImmunoPulse therapy, and extends patent protection for the ImmunoPulse technology to the year 2024.

Facility Lease

On May 31, 2013, we entered into a thirty-eight month lease agreement for office space to serve as our corporate headquarters. Our lease commenced on July 1, 2013 and is subject to an initial base monthly rent of approximately $8,000. The lease calls for annual increases to the base rent of three percent.

Recent Equity Financings

September 2013 Public Offering

On September 18, 2013, we closed the September 2013 Public Offering, which is described above under the heading Recent Events September 2013 Public Offering .

December 2012 Public Offering

On December 17, 2012, we completed a registered public offering of an aggregate of 28,800,000 shares of our common stock and warrants to purchase an aggregate of 14,400,000 shares of common stock for gross proceeds of $7.2 million (the December 2012 Public Offering). After deducting for fees and expenses, the aggregate net proceeds to us from the sale of the common stock and the warrants in the December 2012 Public Offering were approximately $6.7 million. In connection with the offering, we paid placement agent fees consisting of (i) a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds and (ii) warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or 1,440,000 shares of our common stock (the December 2012 Placement Agent Warrants). The December 2012 Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and expire on December 11, 2017.

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March 2012 Public Offering

In March 2012, we completed a registered public offering of an aggregate of 31,000,000 shares of common stock and warrants to purchase an aggregate of 31,000,000 shares of common stock at an aggregate purchase price of $7.75 million (the March 2012 Public Offering). After deducting for fees and expenses, the aggregate net proceeds to us from the March 2012 Public Offering were approximately $7.2 million. The warrants issued in the offering have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance of the warrants. In connection with the offering, we paid placement agent fees consisting of (i) a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds of the offering and (ii) warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or 1,550,000 shares of common stock (the March 2012 Placement Agent Warrants). The March 2012 Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and expire on March 23, 2017.

We completed an evaluation of all of the warrants issued in connection with the December 2012 Public Offering and the March 2012 Public Offering and determined the warrants should be classified as equity within the consolidated balance sheet.

Critical Accounting Policies

Accounting for Long-Lived Assets / Intangible Assets

We assess the impairment of long-lived assets, consisting of property and equipment, and finite-lived intangible assets, whenever events or circumstances indicate that the carry value may not be recoverable. Examples of such circumstances include: (1) loss of legal ownership or title to an asset; (2) significant changes in our strategic business objectives and utilization of the assets; and (3) the impact of significant negative industry or economic trends.

Recoverability of assets to be held and used in operations is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the assets. The factors used to evaluate the future net cash flows, while reasonable, require a high degree of judgment and the results could vary if the actual results are materially different than the forecasts. In addition, we base useful lives and amortization or depreciation expense on our subjective estimate of the period that the assets will generate revenue or otherwise be used by us. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling costs.

We also periodically review the lives assigned to our intangible assets to ensure that our initial estimates do not exceed any revised estimated periods from which we expect to realize cash flows from the technologies. If a change were to occur in any of the above-mentioned factors or estimates, the likelihood of a material change in our reported results would increase.

Derivative Liabilities

In conjunction with the June 2011 Private Placement, we issued warrants that are accounted for as derivative liabilities. These derivative liabilities were determined to be ineligible for equity classification due to certain price protection and anti-dilution provisions.

These derivative liabilities were initially recorded at their estimated fair value on the date of issuance of the common stock and warrants, and are subsequently adjusted to reflect the estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded as other income or expense. The fair value of these liabilities is estimated using option pricing models that are based on the individual characteristics of the common stock, the derivative liabilities on the valuation date, probabilities related to future financings, as well as assumptions for volatility, remaining expected life, and risk-free interest rate. The option pricing models of our derivative liabilities are estimates and are sensitive to changes to inputs and assumptions used in the option pricing models.

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Share-Based Compensation

We grant equity-based awards under our share-based compensation plan. We estimate the fair value of share-based payment awards using the Black-Scholes option valuation model. This fair value is then amortized over the requisite service periods of the awards. The Black-Scholes option valuation model requires the input of subjective assumptions, including price volatility of the underlying stock, risk-free interest rate, dividend yield, and expected life of the option. Share-based compensation expense is based on awards ultimately expected to vest, and therefore is reduced by expected forfeitures. Changes in assumptions used under the Black-Scholes option valuation model could materially affect our net loss and net loss per share.

Results of Operations

Comparison of Fiscal Years Ended July 31, 2013 and 2012

The audited consolidated financial data for the years ended July 31, 2013 and July 31, 2012 is presented in the following table and the results of these two periods are used in the discussion thereafter.

	July 31, 2013 ($)	July 31, 2012 ($)	Increase/ (Decrease) ($)	Increase/ (Decrease) %
Revenue				
Operating expenses				
Research and development	3,159,209	2,368,481	790,728	33
General and administrative	3,905,763	3,158,693	747,070	24
Loss from operations	(7,064,972)	(5,527,174)	1,537,798	28
Other income (expense)				
Interest expense non-cash	(83,215)	(266,567)	(183,352)	(69)
Loss on extinguishment of debt		(761,492)	(761,492)	(100)
Adjustments to fair value of derivative liabilities		4,192,781	(4,192,781)	(100)
Net loss before income taxes	(7,148,187)	(2,362,452)	(4,785,735)	**
Income tax provision	2,000	2,400	(400)	(17)
Net loss	(7,150,187)	(2,364,852)	(4,785,335)	**

** Percentage increase/(decrease) is greater than 100%.

Research and Development Expenses

The $791,000 increase in research and development expenses for the year ended July 31, 2013 as compared to the year ended July 31, 2012 was mainly the result of increased clinical trial expenses of $723,000. We expect research and development to account for a significant portion of our total expenses in the future as we continue to focus on designing and developing our therapies.

General and Administrative

The $747,000 increase in general and administrative expenses for the year ended July 31, 2013 as compared to the year ended July 31, 2012 was primarily the result of increased corporate communications costs of $160,000 consisting primarily of investor relation services, contract labor costs of $40,000, rental expense of $72,000, salaries and wage expense of $67,000, information technology costs of $53,000, conference registration fees of $58,000, share based compensation expense of $168,000 as well as other general corporate matters and increased travel and associated costs of $29,000.

Other Income (Expense)

The $3,082,000 decrease in other income for the year ended July 31, 2013 as compared to the year ended July 31, 2012 was primarily due to the recording of other income of $4,193,000 as a result of the adjustment to fair value of the derivative liabilities as of April 30, 2012. In connection with the June 2011 Private Placement, we issued warrants to purchase 240,000 shares of our common stock to the co-placement agents and warrants to purchase 12,000,000 shares of our common stock to the investors in the private placement. As more fully described in Note 7 to our consolidated financial statements, certain warrants issued in connection with the June 2011 Private Placement were determined to be derivative liabilities as a result of the anti-dilution provisions contained in the warrant agreements. All of these warrants ceased to be classified as derivative liabilities as of March 28, 2012.

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Liquidity and Capital Resources

Working Capital

Our working capital as of July 31, 2013 and 2012 is summarized as follows:

	At July 31, 2013 ($)	At July 31, 2012 ($)
Current assets	5,169,687	5,493,056
Current liabilities	1,770,604	2,023,156
Working capital (deficiency)	3,399,083	3,469,900

Current Assets

The decrease in our current assets was primarily due to a decrease in cash from $5,142,000 as of July 31, 2012, to $4,970,000 as of July 31, 2013, as a result cash used in operations during the year ended July 31, 2013.

Current Liabilities

Current liabilities as of July 31, 2013 decreased to $1,771,000 from $2,023,000 as of July 31, 2012. This decrease was primarily due to the $500,000 payment made on September 24, 2012, in accordance with the Asset Purchase Agreement as more fully discussed in Note 6 to our consolidated financial statements.

Cash Flow

Cash Flow Used in Operating Activities

Cash used in operating activities for the year ended July 31, 2013 was $5,533,000, as compared to $4,219,000 for the year ended July 31, 2012. This increase was related to increased costs of operations, such as salary expense and associated costs, clinical trial costs, legal fees and professional fees, primarily.

Cash Flow Used in Investing Activities

Cash used in investing activities for the year ended July 31, 2013 was $115,000, as compared to $55,000 for the year ended July 31, 2012 and related to the acquisition of property and equipment for our new office location.

Cash Flow Provided by Financing Activities

Cash provided by financing activities was $5,476,000 for the year ended July 31, 2013 and primarily related to cash received from the December 2012 Public Offering partially offset by the payment of offering costs and scheduled payments to Inovio in connection with the Asset Purchase Agreement. Cash provided by financing activities was $6,958,000 for the year ended July 31, 2012, and was primarily related to proceeds we received from the March 2012 Public Offering.

Equity Financings Since March 2011

In March 2011 we closed a private placement of 1,456,000 units at a purchase price of $0.75 per unit for gross proceeds of $1,092,000 (the March 2011 Private Placement). Each unit consisted of one share of our common stock and one share purchase warrant entitling the holder to acquire one share of our common stock at a price of $1.00 per share for a period of five years from the closing of the March 2011 Private Placement. The warrants were exercisable as of March 18, 2011 and any unexercised warrants will expire on March 18, 2016. We completed an evaluation of the warrants issued with this private placement and determined the warrants should be classified as equity within our consolidated balance sheet. We are not obligated to register any of the shares issued or issuable upon exercise of the warrants issued in the March 2011 Private Placement.

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On June 24, 2011, we sold in a private placement an aggregate of 4,000,000 shares of our common stock and three series of warrants to purchase an aggregate of 12,000,000 shares of our common stock at a per unit purchase price of $0.75 per unit, for gross proceeds of $3.0 million (the June 2011 Private Placement). We also issued warrants to purchase 240,000 shares of our common stock to the co-placement agents in the offering. After deducting for fees and expenses, the aggregate net cash proceeds from the June 2011 Private Placement were approximately $2.79 million.

Pursuant to the terms of the securities purchase agreement that we entered into with the purchasers in the June 2011 Private Placement, each purchaser was issued a Series A Warrant, a Series B Warrant and a Series C Warrant, each to purchase up to a number of shares of our common stock equal to 100% of the shares issued to such purchaser pursuant to the securities purchase agreement. The Series A Warrants had an initial exercise price of $1.20 per share, are exercisable immediately upon issuance and have a term of five years. On February 21, 2012, the Series B and Series C Warrants expired unexercised. On March 28, 2012, the exercise price of the Series A Warrants reset to $0.50 upon the closing of the March 2012 Public Offering.

On March 28, 2012, in the March 2012 Public Offering, we sold an aggregate of 31,000,000 units, each consisting of one share of common stock and a warrant to purchase one share of common stock, at a purchase price of $0.25 per unit. The warrants have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance. We paid fees and expenses of $542,500 and issued warrants to purchase 1,550,000 shares of our common stock on terms substantially similar to the purchaser warrants to the placement agent and a financial advisor in the March 2012 Public Offering. After deducting for fees and expenses, our aggregate net proceeds from the offering were approximately $7.2 million.

On December 17, 2012, in the December 2012 Public Offering, we sold an aggregate of 28,800,000 shares of our common stock and warrants to purchase an aggregate of 14,400,000 shares of common stock for an aggregate purchase price of $7.2 million. The warrants have an exercise price of $0.26 per share, are exercisable immediately upon issuance and have a term of exercise equal to four years from the date of issuance. We paid fees and expenses of $504,000 and issued warrants to purchase 1,440,000 shares of our common stock on terms substantially similar to the purchaser warrants to the placement agent and our financial advisors in the December 2012 Public Offering. After deducting for fees and expenses, the aggregate net proceeds from the offering were approximately $6.7 million.

On September 18, 2013, we closed the September 2013 Public Offering, in which we sold an aggregate of 47,792,000 shares of our common stock plus warrants to purchase an aggregate of 23,896,000 shares of common stock for a purchase price of $0.25 per share, for gross proceeds of approximately $11.95 million. The warrants have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to four years from the date of issuance. We paid placement agent fees consisting of (i) $836,000 in cash fees and expenses and (ii) issued warrants to purchase 2,390,000 shares of our common stock on terms substantially similar to the purchaser warrants in the September 2013 Public Offering. After deducting for fees and expenses, the aggregate net proceeds from the September 2013 Public Offering were approximately $11.1 million.

Cash Requirements

Our primary objectives for the next twelve-month period are to develop and pursue the commercialization of our planned products and to identify additional products for acquisition and development. We continuously search for industry experts to expand our management team and better position our company. In addition, we expect to pursue raising sufficient capital to fund our operations and to acquire and develop additional assets and technology consistent with our business objectives.

We estimate our operating expenses and working capital requirements for the next 12 months to be approximately as follows:

Expense		Amount
Product development	$	4,900,000
Employee compensation		2,500,000
General and administration		1,300,000
Professional services fees		400,000
Total	$	9,100,000

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As of July 31, 2013, we had cash and cash equivalents of approximately $4,970,000. On September 18, 2013, we closed a public offering of our equity securities whereby we issued an aggregate of 47,792,000 shares of our common stock plus warrants to purchase an aggregate of 23,896,000 shares of our common stock, at a purchase price of $0.25 per share, which resulted in net proceeds to us of approximately $11.1 million. We expect these funds to be sufficient to allow us to continue to operate our business for at least the next twelve months.

If the investors in the June 2011 Private Placement, the March 2012 Public Offering, December 2012 Public Offering and the September 2013 Public Offering choose to exercise their remaining outstanding warrants in full on a cash basis, we would receive approximately $2 million, $11 million, $4 million and $8 million, respectively. However, the warrant holders may choose not to exercise any of the warrants they hold, may choose to net exercise their warrants as provided in such warrants under certain limited circumstances, or may choose to exercise only a portion of the warrants issued. The exercise prices of the outstanding warrants issued with each such offering currently exceed the current market price of our common stock on the OTCQB Marketplace. As a result, we may never receive proceeds from the exercise of such warrants.

Since inception we have funded our operations primarily through equity and debt financings and we expect to continue to do so in the future. If we obtain additional financing by issuing equity securities, our existing stockholders ownership will be diluted. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. We may be unable to maintain operations at a level sufficient for investors to obtain a return on their investments in our common stock. Further, we may continue to be unprofitable.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

DESCRIPTION OF BUSINESS

Overview

We are an emerging drug-medical device and therapeutic company focused on designing, developing and commercializing innovative and proprietary medical approaches for the treatment of solid tumors that have unmet medical needs or where currently approved therapies are inadequate based on their efficacy or side-effects. Our company was incorporated under the laws of Nevada on February 8, 2008 as Netventory Solutions Inc. Initially, we provided online inventory services to small and medium sized companies. In March 2011, we changed our name to OncoSec Medical Incorporated and acquired from Inovio certain assets related to the use of drug-medical device combination products for the treatment of various cancers. With this acquisition, we have abandoned our efforts in the online inventory services industry and are focusing our efforts in the biomedical industry.

Our Strategy

The assets we acquired include intellectual property relating to certain delivery technologies, which we refer to as the OncoSec Medical System (OMS), a therapeutic approach which is based on the use of an electroporation delivery device in combination with an approved chemotherapeutic drug and a DNA-based cytokine to treat solid tumors. These two different approaches represent unique therapeutic modalities, ImmunoPulse and NeoPulse. Our ImmunoPulse approach is based on the use of electroporation to enhance the local delivery of DNA plasmids which, upon uptake into cells, direct the production of immunostimulatory cytokines to generate a local, regional and systemic immune response for the treatment of various cutaneous cancers. NeoPulse utilizes our electroporation technologies for the local delivery of the chemotherapeutic drug bleomycin to treat solid tumors. OMS consists of an electrical pulse generator console and various disposable applicators specific to the individual tumor size, type and location and is designed to increase the permeability of cancer cell membranes and, as a result, increases the intracellular delivery of selected therapeutic agents. Using either ImmunoPulse, a DNA-based immunotherapy or NeoPulse, a therapy to treat solid tumors, our mission is to enable people with cancer to live longer with a better quality of life than otherwise possible or available with existing therapies.

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Cancer is a disease of uncontrolled cell growth. The primary front line treatment of solid tumors involves surgical resection and/or radiation to eliminate or debulk tumor growth prior to initiating systemic therapy with chemotherapeutic agents. In the case of invasive surgical procedures, surgeons will often remove or resect an area outside of the obvious tumor mass to ensure that they have excised all of the cancerous tissue because of the difficulty in determining the border, or margin, between healthy and diseased tissue. This treatment can result in the loss of function and appearance of the surrounding tissues, significantly reducing the patient s quality of life. Although there have been recent advances in non-surgical forms of tumor ablation, such as cryoablation, stereotactic, microwave and high frequency radio ablation therapy, we believe they fail to fully satisfy the clinical need to preserve normal healthy tissue. Given the desire for improved outcomes in the surgical resection of solid tumors, we believe that there can be significant demand for our NeoPulse technology from patients, dermatologists and surgical oncologists.

The NeoPulse approach has been developed up to Phase III clinical trials in the United States for the treatment of recurrent head and neck cancer and Phase I/II for the treatment of recurrent breast cancer. NeoPulse has potential application in a wide range of solid tumors, including basal cell carcinoma, squamous cell carcinoma, melanoma, breast, prostate, and pancreatic cancers. In addition, Phase IV pre-marketing studies to support the commercialization of NeoPulse in Europe have also been performed for the treatment of primary and recurrent head and neck cancers and cutaneous skin cancers. We are actively pursuing opportunities primarily focused in Europe, Asia and North America to partner NeoPulse for further clinical development and commercialization.

When detected early and still confined to a single location, cancer may be cured by surgery or radiation and potentially, by promising new technologies such as NeoPulse. However, neither surgery nor radiation can cure cancer that has spread throughout the body. Although chemotherapy can sometimes effectively treat cancer that has spread throughout the body, a number of non-cancerous cells, such as bone marrow cells, are also highly susceptible to chemotherapy. As a result, chemotherapy often has fairly significant side effects. In addition, it is common to see cancer return after apparently successful treatment by each of these means. We hope that ImmunoPulse can offer a solution for systemic diseases with an improvement in safety and quality of life for patients over conventional systemic treatments such as chemotherapy.

Immunotherapy, a process which uses the patient s own immune system to treat cancer, may have advantages over surgery, radiation, and chemotherapy. Many cancers appear to have developed the ability to hide from the immune system. A treatment that can augment the immune response against tumor cells by making the cancer more visible to the immune system would likely represent a significant improvement in cancer therapy. Immune-enhancing proteins such as interleukin-2, or IL-2, and interferon-alpha, or IFN- α, have shown encouraging results. However, these agents often require frequent doses that may result in severe side effects.

Two recent drugs for metastatic melanoma were approved in 2011, both on the basis of increased survival. Yervoy ®, a monoclonal antibody marketed by Bristol-Myers Squibb Co., stops the suppression of T-cells that can seek out and destroy melanoma cells. Zelboraf ®, a B-Raf inhibitor marketed by Roche and Daiichi Sankyo, interrupts a key process in melanoma growth in patients with a particular melanoma mutation. Both drugs are associated with significant side effects, and neither is considered a cure for melanoma.

In May 2013, two new drugs for metastatic melanoma were approved. Tafinlar® and Mekinist are single-agent oral treatments for the treatment of unresectable metastatic melanoma. Like Zelboraf®, both of these new agents interrupt a key process in melanoma growth by inhibiting the MAP Kinase signaling pathway. Also, like Zelboraf, these agents can cause significant side effects and long-term use may lead to drug resistance by tumor cells.

Our current ImmunoPulse clinical-stage approach consists of directly injecting solid tumors with a DNA plasmid which, upon uptake into cells, direct the production of the encoded immunostimulatory cytokine to generate a loco-regional immune response against the tumor, which potentially may result in a systemic immune response. The ease of manufacture, convenience, and ability to repeat administration may offer advantages over current modalities of therapy. In addition, cancer therapies using non-viral DNA delivery may offer an added margin of safety compared with viral-based delivery, as no viral particles or other potentially infectious agents are contained in the formulation. A Phase I clinical trial using our ImmunoPulse approach has been completed and three Phase II clinical trials focused on melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma have been initiated.

Our business model is based on a development strategy that leverages previous in-depth clinical experiences, previous approvals for the electroporation-based devices and late stage clinical studies in the United States and Europe. We may seek regulatory approvals to initiate specific studies in target markets to collect safety, clinical, reimbursement, and pharmacoeconomic data as part of our development strategy. Our clinical development strategy includes completing the necessary additional clinical trials in accordance with FDA guidelines for cutaneous cancers including select rare cancers that

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have limited, adverse or no therapeutic alternatives. Our strategy also includes expanding the applications of our technologies through strategic collaborations or evaluation of other opportunities such as in-licensing and strategic acquisitions. We may collaborate with major pharmaceutical and biotechnology companies and government agencies, providing us access to complementary technologies or greater resources. These business activities are intended to provide us with mutually beneficial opportunities to expand or advance our product pipeline and serve significant unmet medical needs. We may license our intellectual property to other companies to leverage our technologies for applications that may not be appropriate for our independent product development.

Asset Acquisition

On March 14, 2011, we entered into the Asset Purchase Agreement with Inovio to acquire certain assets from Inovio related to certain non-DNA vaccine technology and intellectual property relating to selective electrochemical tumor ablation (that we refer to as the OMS). The asset purchase was completed on March 24, 2011. On September 28, 2011 and March 24, 2012, we entered into amendments to the Asset Purchase Agreement to amend certain of the payment terms. We acquired various assets from Inovio related to the OMS technology.

We did not assume any of the liabilities of Inovio except liabilities under the assigned contracts and assigned intellectual property arising after the closing date of the Asset Purchase Agreement. We agreed to pay Inovio $3,000,000 in scheduled payments beginning on the closing date as well as certain royalties in the event we commercialize our OMS technology. We have entered into amendments to the Asset Purchase Agreement with Inovio in September 2011 (the First Amendment) and in March 2012 (the Second Amendment) to modify the terms of our payment obligations (among other modifications). We recently made a payment of $1 million to Inovio in May 2013 and we are required to make a final payment to Inovio of $1 million on December 31, 2013. In consideration for the First Amendment, we issued to Inovio a warrant to purchase 1,000,000 shares of common stock with an exercise price of $1.20 per share. In consideration for the Second Amendment, we issued to Inovio a warrant to purchase 3,000,000 shares of our common stock with an exercise price of $1.00 per share. Each of the warrants is subject to a five year term. Each of the warrants also contains a mandatory exercise provision allowing us to request the exercise of the warrant in whole provided that our daily market price (as defined in the warrant) is equal to or greater than $2.40 for twenty consecutive trading days. We completed an evaluation of the warrants issued to Inovio and determined the warrants should be classified as equity within our consolidated balance sheet.

We are also party to a cross-license agreement with Inovio, which we entered into concurrently with the closing of our asset acquisition. This agreement provides for the exclusive license to Inovio of rights related to certain OMS technology patents in the field of gene or nucleic acids, outside of those encoding cytokines, delivered by electroporation and for the non-exclusive cross-license by Inovio to us of rights related to certain non-OMS technology patents in the OMS field in exchange for specified sublicensing and other licensing fees and royalties.

University of South Florida License

On August 24, 2012, we secured an exclusive license for specific patented technology from the University of South Florida Research Foundation relating to the delivery of gene-based therapeutics via intratumoral and intramuscular electroporation. This patent directly supports our clinical development focus in solid tumor applications and specifically metastatic melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma using our ImmunoPulse therapy, and extends patent protection for the ImmunoPulse technology to the year 2024.

The OncoSec Medical System

Many drugs and DNA-based therapeutics must enter the target cell through its membrane in order to perform their intended function. However, the effectiveness of these medicines is limited since gaining entry into target cells through the outer membrane can be a significant challenge. In the 1970s, it was discovered that the brief application of high-intensity, pulsed electric fields to the cell resulted in a temporary and reversible increase in the permeability of the cell membrane. As a consequence, it was also demonstrated that there was a subsequent increase in the ability of both small and large molecules to move between the cell exterior and interior via the newly formed membrane pores.

The transient, reversible nature of the electrical permeabilization of cell membranes and the resulting increase in intracellular delivery of therapeutic agents is the underlying basis of our OMS therapeutic approach. OMS consists of an electrical pulse generator console and various disposable applicators specific to the individual tumor size, type and location. While the extent of membrane permeabilization depends on various electrical, physical, chemical, and biological parameters, research with OMS has demonstrated an increase of cellular uptake of chemical molecules from 1,000-8,000 fold above baseline. Once inside of the cell, the membrane permeability decreased thereby trapping the molecules within the cell and allowing them to perform their function. The enhanced delivery of these agents may result in the ability to not only improve cytotoxicity and therapeutic value but also to lower the required doses and thereby providing a potentially safer treatment.

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DNA Delivery With Electroporation ImmunoPulse

The greatest obstacles to making conventional immunotherapy and DNA-based immunotherapies a reality has been the limited data supporting safe, efficient, and economical delivery and expression of plasmid-DNA constructs into the target cells. We are leveraging off the past history and experience of certain managers and advisors in developing the methods and devices that optimize the use of electroporation for the efficient and effective delivery of DNA-based therapeutics. The use of OMS in this approach has been validated from multiple clinical studies assessing DNA-based immunotherapies against cancers. Together with our partners and collaborators, we plan to be the leader in establishing electroporation-delivered DNA immunotherapies. We believe that electroporation should become the method of choice for plasmid-DNA delivery into cells in many clinical applications.

The immunotherapy approach of our OMS therapy uses an electroporation system that is calibrated and designed to create optimal conditions to deliver plasmid DNA encoding immunotherapeutic cytokines into tumor cells that in turn promote anti-cancer responses. The cytokine-encoding plasmid is first injected with a syringe/needle into the selected tumor. Using a remote control, the pulse generator is switched on and electrical pulses are generated and delivered through an attached electrical cord into the injected tissue through an electrode-needle array on the applicator. When DNA injection is followed by electroporation of the target tissue, transfection is significantly greater with resultant gene expression generally enhanced from 100 to 1000-fold. This increase makes many DNA-based candidates potentially feasible without unduly compromising safety or cost.

A Phase I clinical trial in metastatic melanoma has been completed using ImmunoPulse to deliver plasmid-DNA encoding for the IL-12 cytokine. The study was designed to assess both the adaptive and innate immunity responses from the targeted delivery of the IL-12 into melanoma tumor cells. Published data have suggested that gene transfer utilizing in vivo DNA electroporation in metastatic melanoma showed that it was safe, effective, reproducible, and titratable. The findings also demonstrated not only regression of treated melanoma skin lesions, but also regression of distant untreated lesions, suggesting a systemic immune response to the localized treatment. These results are significant and thus we are now planning to further develop of OMS for the delivery of plasmid-DNA encoding for the IL-12 cytokine in a Phase II clinical trial that has been initiated.

Drug Delivery With Electroporation NeoPulse

The chemotherapeutic approach of our NeoPulse platform was formerly described as Selective Electrochemical Tumor Ablation (SECTA). NeoPulse utilizes electroporation technologies for the local delivery of the chemotherapeutic drug bleomycin to treat solid tumors. The approach has demonstrated safety and efficacy in a wide range of solid tumors including, basal cell, squamous cell, melanoma, breast, prostate, and pancreatic cancers. NeoPulse has been developed up to Phase III clinical trials in the United States for the treatment of recurrent head and neck cancer and in Phase I/II for the treatment of recurrent breast cancer. In addition, Phase IV pre-marketing studies to support the commercialization of the OMS system in Europe were also performed for the treatment of primary and recurrent head and neck cancers and cutaneous skin cancers. The previous sponsor of these studies (Inovio Pharmaceuticals, Inc.) elected not to conclude the clinical testing but rather monetize certain SECTA assets in order to pursue a more focused strategy for development of DNA vaccines.

Clinical Program

We initiated three Phase II clinical trials to assess the cancer-destroying and tissue-sparing properties of the ImmunoPulse technology in patients with melanoma**,** Merkel cell carcinoma and cutaneous T-cell lymphoma during calendar year 2012. Our lead ImmunoPulse candidate for these trials is a DNA plasmid coding for IL-12 that is delivered using our OMS electroporation device. While the DNA IL-12 immunotherapy is administered locally, results from preclinical and Phase I clinical trials indicated that the therapy was safe and without toxic side effects. Although Phase I trials are designed to study only safety and tolerability, our Phase I trial suggested that our ImmunoPulse produced both a local and systemic effect against cancerous cells. All three Phase II clinical trials were initially physician-sponsored open label, multi-center trials. As of the date of this prospectus, all three physician sponsored IND applications have been transferred to the Company.

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Phase II Melanoma Trial (OMS-I100)

Our melanoma trial, entitled Phase II trial of intratumoral pIL-12 electroporation in advanced stage cutaneous and in transit malignant melanoma, is a single dose trial treating approximately 25 patients. The primary endpoint is objective response rate (local and distant) at six months. Secondary trial endpoints include time to objective response (complete and partial responses), duration of distant response and overall survival. We are building on positive Phase I dose escalation trial results in 24 patients with metastatic melanoma treated with pIL-12 in combination with electroporation. That study established safety and tolerability and suggested a systemic objective response in more than half of the subjects; 15% of patients showed 100% clearance of distant, non-treated tumors. Based on historical data, less than 0.25% of patients would have been expected to see regression in their untreated tumors.

Phase II Merkel Cell Carcinoma Trial (OMS-I110)

Merkel cell carcinoma is a rare but lethal skin cancer affecting about 1,500 people each year with 33% mortality rate. Current outcomes to chemotherapy treatment have demonstrated short-lived responses with no clear impact on overall survival. Our clinical trial, entitled A Phase II study of intratumoral injection of interleukin-12 plasmid and in vivo electroporation in patients with Merkel cell carcinoma, is a single dose, open label trial in 15 patients. The study s endpoints are IL-12 gene expression in tumor tissue at three to four weeks post-treatment and secondary endpoints will evaluate objective response rates (both local and distant) at six months post-treatment, time to relapse or progression and overall survival. This study will evaluate the safety and tolerability of DNA IL-12 as a treatment for Merkel cell carcinoma and aims to further validate the findings from the Phase I dose escalation trial carried out in 24 metastatic melanoma patients.

Phase II Cutaneous T-Cell Lymphoma (OMS-I120)

Cutaneous T-cell lymphoma (CTCL) is a rare disease affecting approximately 3,000 people each year with current therapies requiring life-long management and treatment. Today s treatment methods delivered either locally or systemically all result in systemic toxicities. Cytokine therapies have shown some therapeutic benefit, however, the requirement for high dose systemic concentrations results in unwanted toxicities and eventual resistance to the therapy. In contrast, our ImmunoPulse treatment uses locally delivered low dose plasmid-DNA coding for IL-12, which induces a local immune response designed to target and destroy cancerous cells, which may potentially result in a systemic response against distant untreated tumors. A previous Phase I clinical trial in 24 melanoma patients demonstrated a strong safety profile for this mode of treatment. The planned clinical trial, entitled Phase II trial of intratumoral IL-12 plasmid electroporation in cutaneous lymphoma, is an open label, multi-center study and is expected to enroll 27 patients. The trial s primary endpoint is to assess the objective response rate (both local and distant) at six months post-treatment, with safety and progression-free survival as secondary endpoint measures. ImmunoPulse is a potentially new treatment being evaluated for patients suffering from CTCL, who currently have few options to treat this chronic life-altering disease.

Scientific Advisory Panel

We have consulted with senior and respected oncology researchers to provide counsel as part of our scientific advisory panel for our ImmunoPulse clinical program, each of whom is employed elsewhere on a full-time basis. As a result, they can only spend a limited amount of time on our affairs. We expect to access scientific and medical experts in academia, as needed, to support our scientific advisory panel. The scientific advisory panel assists us on issues related to potential product applications, product development and clinical testing.

Commercialization

We plan to continue our clinical development strategy for the ImmunoPulse program with Phase II and subsequent pivotal clinical trials focused on cutaneous cancers including select rare cancers that have limited, adverse or no therapeutic alternatives. We expect our current studies to validate data from previous Phase I clinical experience, which will be used to further develop the Company s development strategy for this program.

Our business model for the NeoPulse program is based on a partnering and commercialization strategy that leverages previous in-depth clinical experiences, and late stage clinical studies in the United States (Phase III) and Europe (Phase IV). Our near term plan will be to identify and engage potential partner(s) who are established industry leaders in the field of surgical oncology, or who are seeking to expand their portfolio into this space with the purpose of partnering the NeoPulse asset in select geographic regions, such as Europe and Asia. Once a partner is engaged, we may plan to seek regulatory approvals to initiate specific studies in target markets to collect clinical, reimbursement, and pharmacoeconomic data in order to advance a joint commercialization strategy.

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Competition

We are in a highly competitive industry. We are in competition with traditional and alternative therapies for the indications we are targeting, as well as pharmaceutical and biotechnology companies, hospitals, research organizations, individual scientists and nonprofit organizations engaged in the development of drugs and other therapies for these indications. Our competitors may succeed, and many have already succeeded, in developing competing products, obtaining FDA approval for products or gaining patient and physician acceptance of products before us for the same markets and indications that we are targeting. Many of these companies, and large pharmaceutical companies in particular, have greater research and development, regulatory, manufacturing, marketing, financial and managerial resources and experience than we have and many of these companies may have products and product candidates that are in a more advanced stage of development than our product candidates. If we are not first to market for a particular indication, it may be more difficult for us or our collaborators to effectively enter markets unless we can demonstrate our products are clearly superior to existing therapies (see also Intellectual Property below).

Examples of competitive therapies include the following:

•Surgical Resection. In most cases, the primary treatment for localized and operable tumors or lesions is surgical resection alone or in combination with other modalities such as radiation therapy. Given the ability to cut an appropriate margin around the tumor in order to avoid recurrence from microscopic disease populating the periphery of the tumor mass makes surgery highly effective for early stage cancers. Recent advances in robotic surgical technology have provided more minimally invasive surgical options. However, accessibility of a tumor at times prevents the use of surgery or limits the margin that can be removed especially at sites such as the tongue where the loss of tissue results in the loss of critical function such as speech. The drawback to resecting tissue is potential disfigurement or debilitating effects on organ function. Surgery also requires additional cost in the form of hospitalization and post-operative care.

•Radiation Therapy. Radiation therapy is the use of high-energy rays generated by an external machine or by radioactive materials placed directly into or near the tumor and used to damage and stop growth of malignant cells, which are more sensitive to the effects of radiation. Radiation is often used in combination with surgery and chemotherapy. In cases where a tumor is inoperable or unresponsive to chemotherapy, radiation is often used palliatively to limit the complications of disease progression. Radiation therapy has a number of significant side effects, in that it damages healthy cells surrounding the target area and takes several weeks to administer. It may also be costly due to the number of procedures and cost of administration.

•Chemotherapy. Post-surgery or in cases where surgery is contraindicated, chemotherapy is often used to treat systemic disease and may frequently be combined with radiation therapy. Typically it is used under the following circumstances:

•When cancer is disseminated requiring treatment of systemic or metastatic disease;

•Where the prognosis for local regional disease is poor due to the likelihood of disease progression;

•Where surgery is contraindicated, e.g. certain liver or pancreatic carcinoma or as a result of the patient s overall health condition; and

•For palliation, to achieve tumor shrinkage to ameliorate tumor symptoms or complications.

The cytotoxicity of many existing anti-cancer drugs is well proven, but with many undesirable proven side effects including immunosuppression alopecia (loss of hair), nausea, vomiting, and in some cases drug resistance. Surgery and radiation cannot be used where treatment poses a risk to nearby nerves, blood vessels, or vital organs. All of these practices have limited efficacy in treating cancers of certain organs, such as the pancreas.

•Alternative treatments. Competitive therapies also include alternative treatments, such as radio frequency ablation, photodynamic therapy, cryoablation, brachytherapy and biologic or immunotherapy:

•Radio Frequency Ablation (RFA). This modality uses radio frequency energy to heat tissue to a high enough temperature to cause ablation or cell death. An RFA ablation probe is placed directly into the target tissue. An array of several small, curved electrodes is deployed from the end of the probe. Once sufficient temperatures are reached, the heat kills the target tissue within a few minutes. This treatment has been

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proven efficacious in treating some solid tumors but suffers from not being tumor specific by destroying healthy as well as malignant tissue.

•Photodynamic Therapy. Photodynamic therapy (PDT) uses intravenous administration of a light-activated drug that accumulates in malignant cells. A non-thermal laser is used to activate the drug, producing free radical oxygen molecules that destroy the cancer. PDT has low risk of damage to adjacent normal tissue, the ability to retreat, and can be used concurrently with other treatment modalities. A major side effect of PDT is patient photosensitivity that can last for as long as six to eight weeks following treatment. Other side effects include nausea and vomiting. This method is limited by the shallow depth of penetration of the laser light which makes it more applicable to surface lesions on the skin or esophagus.

•Cryoablation. Cryoablation is a technique being used to treat lesions in liver, kidney, prostate, and breast cancer. This method uses liquid nitrogen filled probes inserted into the tumor mass with image guided surgery to freeze cancer cells. Necrosis (cell death) occurs and the dead cells are naturally sloughed off into the body. Cryoablation has been most commonly adopted for use in treating prostate carcinoma where surgery can often lead to impotence. The technology is claimed to limit nerve damage in the prostate allowing for the retention of bladder and sexual function. Therefore, it may afford advantages over surgery and brachytherapy (see below).

•Brachytherapy. Brachytherapy involves the local implantation of radioactive seeds into or near a tumor mass. It has been most widely used in prostate and breast carcinoma in situ. The seeds decay over time resulting in the local destruction of malignant cells. The difficulty with brachytherapy, in addition to the concomitant destruction of nascent healthy tissue, is the investment and training required to administer the therapy. Recent reports also suggest that the therapy may not produce durable responses (i.e. long term cures). Consequently, brachytherapy does not appear to be growing in acceptance in the marketplace.

•Immunotherapy. This therapeutic approach stimulates the patient s own immune system to attack malignant tumor cells, which have managed to circumvent the body s natural immune processes that would normally recognize and destroy these cells before they are able to form growing cancerous tumors. Several methods have been employed to evoke this immune response, including monoclonal antibodies and autologous cell-based vaccines, as well as viral and non-viral targeted delivery of immunotherapeutic agents.

Yervoy® is a monoclonal antibody that acts to block the CTLA-4 receptor (an immune checkpoint receptor) on T-cells. In the presence of CTLA-4 receptor it is believed tumors are able suppress the immune system from recognizing cancerous cells, however, blockade of this receptor with Yervoy® (an anti-CTLA-4 antibody) appears to allow the immune system to generate an antitumor T-cell response. Yervoy® was the first approved immunotherapy in melanoma, and current research is evaluating the use of other anti-checkpoint monoclonal antibodies. Despite these therapies showing benefit to some patients by extending life beyond traditional therapeutic options, safety and tolerance to these drugs, as well as ease of administration of the therapies, may be a deterrent for some patients. As a result, emerging therapies continue to be developed to improve upon the safety, efficacy and ease-of-use problems currently encountered by immunotherapies.

Like Provenge®, a product developed and marketed by Dendreon Corporation, many emerging therapies continue to employ an autologous cell-based mode of delivery, which involves the harvesting of a patients own cells, growing them in a lab, incubating with a vaccine or immune stimulating agent, and re-administering the resulting product to the patient. This autologous cell-based approach has shown safety and efficacy, however, the significant cost and time involved in preparing this therapeutic treatment for each individual patient has been unattractive for many patients and clinicians.

Viral vectors, such as adenoviruses and oncolytic viruses, have also been used to deliver immunotherapeutic payloads to fight against cancerous cells, either systemically or through direct injection into the tumor. Clinical trials for this therapeutic delivery method are on-going with no approved therapies yet to be available in the clinic, however, questions still remain about efficacy of viral vectors as a delivery method, since the patient may mobilize an immune reaction against the virus itself resulting in neutralization of the virus and clearance from the body before an effectual response is elicited. Since viral vectors are occasionally created from pathogenic viruses, involving a deletion of a part of the viral genome critical for viral replication, safety has also been a concern to avoid production of new virions.

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Other non-viral vector methods, including liposome-based delivery systems, are also currently being developed and employed in on-going clinical trials. The impact of all these emerging cancer immunotherapies will ultimately be determined by their ability to improve upon the safety, efficacy, utility and cost of currently available therapies.

•Vaccination. The use of vaccination has long held interest as another potential modality that could prove beneficial in treating and limiting systemic disease. The challenge has been that many tumors do not display antigens unique to the tumor cell that the immune system can use to specifically target for selective destruction of the malignant tissue. Even though tumors over-express normal cellular products that the immune system ignores, due to a process called tolerization, the immune system is educated not to recognize self antigens early in development. As a result of the lack of immune system detection, it has proven difficult to use conventional vaccination strategies to break or overcome tolerance and generate immunity against tumor cells.

•Targeted Small Molecule Therapy. Mutations that drive signaling pathways critical to tumor growth and survival have recently been identified. One such mutation of the mitogen activated protein (MAP) kinase pathway has been shown to be important in the proliferation approximately 50% of all cutaneous melanomas. The introduction of BRAF inhibitors, that block the BRAF V600E mutation, has greatly improved the short term prospects of some patients with these tumors, but the tumors tend to become resistant to therapy with time by activating alternative signaling pathways.

Research and Development Expenditures

Prior to our asset purchase from Inovio in March 2011, we did not engage in any research and development activities. We incurred $3,159,209 and $2,368,481 in research and development expenses during our fiscal years ended July 31, 2013 (Fiscal 2013) and July 31, 2012 (Fiscal 2012), respectively. We expect research and development to account for a significant portion of our total expenses in the future as we continue to focus on designing and developing our therapies. Our expenditures will be primarily related to the advancement of three Phase II clinical trials to assess the ImmunoPulse technology in patients with melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma. Expenditures related to these studies began during calendar year 2011 and we expect to ramp up expenditures based on enrollment in the trials and subsequent analysis of patient data from the separate studies.

Employees

Concurrent with the asset acquisition, we assembled a senior management team with many years of experience and success in biotech/pharma operations, business and commercial development and capital markets. In addition, we have assembled a clinical and regulatory team that has had many years of experience in developing and advancing novel therapeutic approaches through clinical testing and regulatory approvals. As of December 5, 2013, we have a total of twelve full-time employees.

We expect to hire additional staff and to engage consultants in regulatory, compliance, investor and public relations, and general administration as necessary. We also expect to engage experts in healthcare and in general business to advise us in various capacities.

Intellectual Property

Our success and ability to compete depends upon our intellectual property. We have acquired and have been issued 27 U.S. patents and have two U.S. patent applications pending. We expect to file additional patent applications. We have a total of 18 issued patents and patent applications in other jurisdictions. The bulk of our patents, including fundamental patents directed toward our proprietary technology, expire between 2014 and 2027. In addition, we have licensed intellectual property rights to use certain electroporation technology and intellectual property for delivering DNA-based cytokines as an immunotherapy.

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Government Regulation

United States

In the United States, our product candidates are subject to extensive regulation by the Food and Drug Administration (the FDA). Federal and state statutes and regulations, many of which are administered by the FDA, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products. Failure to comply with applicable FDA or other requirements may subject a company to a variety of administrative or judicial sanctions, such as the FDA s refusal to approve pending applications, a clinical hold, warning letters, recall or seizure of products, partial or total suspension of production, withdrawal of the product from the market, injunctions, fines, civil penalties or criminal prosecution.

FDA approval is required before any new unapproved drug or dosage form, including a new use of a previously approved drug, can be marketed in the United States. The process required by the FDA before a drug may be marketed in the United States generally involves, among other things:

•completion of pre-clinical testing and formulation studies in compliance with the FDA s good laboratory practice regulations;

•submission to the FDA of an IND for human clinical testing, which must become effective before human clinical trials may begin in the United States;

•performance of adequate human clinical trials in accordance with good clinical practices to establish the safety and efficacy of the proposed drug product for each intended use; and

•submission to the FDA of a new drug application (NDA) which the FDA must review and approve.

The pre-clinical and clinical testing and approval process requires substantial time, effort and financial resources, and the receipt and timing of approval, if any, is highly uncertain. The results of pre-clinical tests, together with certain manufacturing information, analytical data and a proposed clinical trial protocol and other information, are submitted as part of an IND to the FDA. Once an IND is in effect, the protocol for each clinical trial to be conducted under the IND must be submitted to the FDA, which may or may not allow the trial to proceed. A separate submission to an existing IND must also be made for each successive clinical trial conducted during product development.

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with good clinical practice requirements. For purposes of an NDA submission and approval, human clinical trials are typically conducted in the following sequential phases, which may overlap or be combined:

•*Phase I*: The drug is initially introduced into healthy human subjects or patients and tested for safety, dose tolerance, absorption, metabolism, distribution and excretion and, if possible, to gain an early indication of its effectiveness.

•*Phase II*: The drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications and to determine dose tolerance and optimal dosage. Multiple Phase II clinical trials may be conducted.

•*Phase III*: The drug is administered in large patient populations to obtain additional evidence of clinical efficacy and safety in an expanded patient population at multiple, geographically-dispersed clinical trial sites and to establish the overall risk-benefit relationship of the drug.

•*Phase IV*: In some cases, the FDA may condition approval of an NDA for a product candidate on the sponsor s agreement to conduct additional clinical trials to further assess the drug s safety and effectiveness after NDA approval.

The results of product development, pre-clinical studies and clinical trials are submitted to the FDA as part of an NDA requesting approval to market the product. NDAs must also contain extensive information relating to the product s pharmacology, chemistry, manufacture, controls and proposed labeling, among other things.

Once the submission has been accepted for filing, the FDA begins an in-depth substantive review. Pursuant to the FDA s performance goals, NDA reviews are to be completed within ten months, subject to extensions by the FDA. Before approving an NDA, the FDA often inspects the facility or facilities where the product is manufactured and will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with good manufacturing practices. Additionally, the FDA will typically inspect one or more clinical sites to assure compliance with good clinical practices before approving an NDA. If the FDA determines that the NDA is not acceptable, then the FDA may outline the deficiencies in the NDA and often will request additional information or additional clinical trials. Notwithstanding the submission of any requested additional testing or information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

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Even if regulatory approval of a product candidate is obtained, such approval will usually entail limitations on the indicated uses for which the product may be marketed. Additionally, the FDA may require post-approval testing, such as Phase IV studies, or surveillance programs to monitor the effect of approved products, and the FDA has the power to prevent or limit further marketing of a product based on the results of these post-marketing programs.

After FDA approval, a product will be subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to drug/device listing, recordkeeping, periodic reporting, product sampling and distribution, manufacturing practices, labeling, advertising and promotion, and reporting of adverse experiences with the product. The FDA may withdraw its approval of a product if compliance with regulatory requirements and manufacturing standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things: restrictions on the marketing or manufacturing of the product; complete withdrawal of the product from the market or product recalls; fines, warning letters or holds on post-approval clinical trials; or injunctions or the imposition of civil or criminal penalties.

International Regulation

If we pursue research and/or commercialization of our product candidates in countries other than the United States, then we would need to obtain the necessary approvals by the regulatory authorities of such foreign countries comparable to the FDA before we could commence clinical trials or marketing of our product candidates in those countries, and we would be subject to a variety of foreign regulations regarding safety and efficacy and governing, among other things, clinical trials and commercial sales and distribution of our products. The approval process and requirements vary by country and can involve additional product testing and additional review periods, and the time may be longer or shorter than that required to obtain FDA approval.

Other Regulatory Requirements and Environmental Matters

We are or may become subject to various laws and regulations regarding laboratory practices and the experimental use of animals, as well as environmental laws and regulations governing, among other things, any use and disposal by us of hazardous or potentially hazardous substances in connection with our research. In each of these areas, as above, the FDA and other government agencies have broad regulatory and enforcement powers, including, among other things, the ability to levy fines and civil penalties, suspend or delay issuance of approvals, seize or recall products, and withdraw approvals, any one or more of which could have a material adverse effect on us. Additionally, if we are able to successfully obtain approvals for and commercialize our product candidates, then we may become subject to various federal, state and local laws targeting fraud, abuse, privacy and security in the healthcare industry.

Properties

We do not own any real property. In May 2011, we entered into a one-year operating lease agreement with a base annual rent of $42,000 for office space for our headquarters in San Diego, California. The lease expired on May 30, 2012. On June 1, 2012, we entered into an amendment to the lease agreement to extend the lease term for a period of seven months commencing on June 1, 2012. The amendment increased the base monthly rent to approximately $10,000. On May 31, 2013, we entered into a thirty-eight month lease agreement for office space for our current

headquarters in San Diego, California that commenced on July 1, 2013, with an initial base monthly rent of approximately $8,000. The lease calls for annual increases to the base rent of three percent. We believe our current facilities are adequate for our immediate and near-term needs. Additional space may be required as we expand our activities. We do not currently foresee any significant difficulties in obtaining any required additional facilities.

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DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below is certain information regarding our directors and executive officers:

Name	Position	Age	Director / Officer Since
Avtar Dhillon, M.D. (2)(3)(4)(5)	Chairman and Director	52	March 10, 2011
James DeMesa, M.D. (1)(2)(3)	Director	55	February 3, 2011
Anthony Maida, III, Ph.D (1)(3)(4)	Director	61	June 21, 2011
Punit Dhillon	President, Chief Executive Officer and Director	33	March 10, 2011
Veronica Vallejo	Chief Financial Officer	40	March 10, 2011

(1) Member of Audit Committee

(2) Member of Compensation Committee

(3) Member of Nomination and Corporate Governance Committee

(4) Member of Clinical and Regulatory Affairs Committee

(5) Member of Financing Committee

Business Experience

The following is a brief account of the education and business experience of our directors and executive officers during at least the past five years, indicating their principal occupation during the period, and the name and principal business of the organization by which they were employed.

Avtar Dhillon, M.D., Chairman and Director

Dr. Dhillon has served as our Chairman, since March 2011. Previously, Dr Dhillon was the President and Chief Executive Officer of Inovio Pharmaceuticals, Inc. (formerly Inovio Biomedical Corporation) (NYSE Euronext: INO) from October 2001 to June 2009, as President and Chairman of Inovio from June 2009 until October 2009, as Executive Chairman until August 2011, and as Chairman from September 2011. During his tenure at Inovio, Dr. Dhillon led the successfully turnaround of the company through a restructuring, acquisition of technology from several European and North American companies, and a merger with VGX Pharmaceuticals to develop a vertically integrated DNA vaccine development company with one of the strongest development pipelines in the industry. Dr. Dhillon led multiple successful financings for Inovio and concluded several licensing deals that included global giants, Merck and Wyeth (now Pfizer). Prior to joining Inovio, Dr. Dhillon was vice president of MDS Capital Corp. (now Lumira Capital Corp.), one of North America s leading healthcare venture capital organizations. In July 1989, Dr. Dhillon started a medical clinic and subsequently practiced family medicine for over 12 years. Dr. Dhillon has been instrumental in successfully turning around struggling companies and influential as an active member in the biotech community. From March 1997 to July 1998, Dr. Dhillon was a consultant to Cardiome Pharma Corp. (NASDAQ: CRME), where he led a turnaround based on three pivotal

financings, establishing a clinical development strategy, and procuring a new management team. In his role as a founder and board member of companies, Dr. Dhillon has been involved in several early stage healthcare focused companies listed on the USA or Canadian stock exchanges, which have successfully matured through advances in their development pipeline and subsequent M&A transactions. Most recently, he was a founding board member (May 2003) of Protox Therapeutics, Inc. (TSX-V: SHS) (now Sophiris Bio Inc.), a publicly traded specialty pharmaceutical company. Dr. Dhillon maintained his board position until the execution of a financing of up to $35 million with Warburg Pincus in November 2010. Dr. Dhillon currently sits on the Board of Directors of BC Advantage Funds, a Venture Capital Corporation in British Columbia, and since March 2012 has been the Chairman of Stevia First Corp. (OTCQB: STVF), an agricultural biotechnology company engaged in the cultivation and harvest of stevia leaf and the development of stevia products. Since May 2011, Dr. Dhillon has also served as a Director and was appointed Chairman in April 2013 of Arch Therapeutics, Inc. (OTCBB: ARTH), a medical device company offering an innovative therapeutic approach to stasis and barrier applications. Dr. Dhillon plays a key role on our Board of Directors because of his extensive experience with pharmaceutical and biotech companies, including based on his tenure as President and CEO of Inovio where he was responsible for developing and executing on the clinical programs that provide the extensive clinical database supporting the Company s current clinical development plan and partnering efforts for treating solid tumors.

James M. DeMesa, M.D., Director

Dr. DeMesa has been a practicing physician and has served as a senior executive with several international pharmaceutical and biotech companies in the areas of corporate management, regulatory affairs, and pre-clinical and clinical pharmaceutical and medical device product development. In addition to OncoSec, Dr. DeMesa is currently on the Board of Directors of Induce Biologics and Stem Cell Therapeutics. In August 2008, Dr. DeMesa retired from his role as President, Chief Executive Officer and a director of Migenix Inc., a public biotechnology company focused on infectious and neurodegenerative diseases. From 1997 to 2001, he was President, Chief Executive Officer and a director of GenSci Regeneration Sciences Inc., a public biotech company involved in regenerative medicine (now part of Integra LifeSciences). From 1992 to 1997, he was Vice President, Medical and Regulatory Affairs at Biodynamics International, Inc. (now part of Regeneration Technologies), and from 1989 to 1992 was Vice President, Medical and Regulatory Affairs of Bentley Pharmaceuticals (now part of Teva Pharmaceuticals). Dr. DeMesa is a co-founder of CommGeniX, a medical communications company, and MedXcel, a medical education company. Dr. DeMesa attended the University of South Florida where he received his B.A. (Chemistry), M.D. and M.B.A. degrees and did his medical residency at the University of North Carolina. He is the author of two books and speaks regularly to companies and organizations throughout North America. Dr. DeMesa provides the Board with extensive experience with pharmaceutical and biotechnology companies.

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Anthony Maida, III, Ph.D, MA, MBA, Director

On June 21, 2011, Dr. Maida joined our Board of Directors. Dr. Maida has served as a director on the Board of Directors of Spectrum Pharmaceuticals, Inc. since December 2003 and currently serves as the Chair of its Audit Committee and a member of its Compensation Committee, Placement Committee, Nomination and Corporate Governance Committee and Product Acquisition Committee. He is currently Chief Operating Officer at Northwest Biotherapeutics, Inc., a company focused on the development of therapeutic DC cell-based vaccines to treat patients with cancer. Dr. Maida has been the acting Chairman of Dendri Therapeutics, Inc., a startup company focused on the clinical development of therapeutic vaccines for patients with cancer, since 2003 and as Principal of Anthony Maida Consulting International since 1999, providing consulting services to large and small biopharmaceutical firms in the clinical development of oncology products and product acquisitions and to venture capital firms evaluating life science investment opportunities. Recently Dr. Maida was Vice President of Clinical Research and General Manager, Oncology, world-wide for PharmaNet, Inc. He served as the President and Chief Executive Officer of Replicon NeuroTherapeutics, Inc., a biopharmaceutical company focused on the therapy of patients with tumors (both primary and metastatic) of the central nervous system, where he successfully raised financing from both venture capital and strategic investors and was responsible for all financial and operational aspects of the company, from June 2001 to July 2003. From 1999 to 2001, he held positions as Interim Chief Executive Officer for Trellis Bioscience, Inc., a privately held biotechnology company that addresses high clinical stage failure rates in pharmaceutical development, and President of CancerVax Corporation, a biotechnology company dedicated to the treatment of cancer. From 1992 until 1999, Dr. Maida served as President and CEO of Jenner Biotherapies, Inc., a biopharmaceutical company. From 1980 to 1992, he held senior management positions with various companies including Vice President Finance and Chief Financial Officer of Data Plan, Inc., a wholly owned subsidiary of Lockheed Corporation. Dr. Maida serves or has served as a consultant and technical analyst for several investment firms, including CMX Capital, LLC, Sagamore Bioventures, Roaring Fork Capital, North Sound Capital, The Bonnie J. Addario Lung Cancer Foundation and Pediatric BioScience, Inc. Additionally, he has been retained by Abraxis BioScience, Inc., Northwest Biotherapeutics, Inc., Takeda Chemical Industries, Ltd. (Osaka, Japan), and Toucan Capital to conduct corporate and technical due diligence on investment opportunities. Dr. Maida formerly served as a member of the board of directors of Sirion Therapeutics, Inc., a privately held ophthalmic- focused company, and GlycoMetrix, Inc., a startup company focused on the development of assays to identify carbohydrates that can indicate cancer. He is a speaker at industry conferences and is a member of the American Society of Clinical Oncology, the American Association for Cancer Research, the Society of Neuro-Oncology and the International Society for Biological Therapy of Cancer. Dr. Maida received a B.A. in History from Santa Clara University in 1975, a B.A. in Biology from San Jose State University in 1977, an M.B.A. from Santa Clara University in 1978, an M.A. in Toxicology from San Jose State University in 1986 and a Ph.D. in Immunology from the University of California in 2010. Dr. Maida brings to the Board extensive experience in our industry and significant expertise in clinical development and clinical trials. We believe that his financial and operational experience in our industry provide important resources to our Board.

Punit Dhillon, President, Chief Executive Officer and Director

On March 10, 2011, Mr. Punit Dhillon was appointed Chief Executive Officer. Mr. Dhillon was formerly Vice President of Finance and Operations at Inovio from September 2003 until March 2011. In his corporate finance role, Mr. Dhillon was pivotal to the company raising over $125 million through multiple financings and several licensing deals including early stage deals with Merck and Wyeth. Mr. Dhillon was responsible for implementation of Inovio s corporate strategy, including achievement of annual budgets and milestones. He was also instrumental to the successful in-licensing of key intellectual property and a number of corporate transactions, including the acquisition and consolidation of Inovio AS, a Norwegian DNA delivery company, and the merger with VGX Pharmaceuticals (VGX), which solidified Inovio s position in the DNA vaccine industry. Mr. Dhillon played an effective role as head of operations for Inovio. He completed the integration of the VGX with Inovio, including achieving cost-cutting of over 30% through the synergy assessment of both companies, consolidating four operating locations into two bi-coastal offices, and managing the existing stockholders from both companies. Mr. Dhillon was a director of Auricle Biomedical, a capital pool company, from July 2007 to April 2010. Mr. Dhillon has also previously been a consultant and board member for several TSX Venture Exchange listed early stage life science companies, which matured through advances in their development pipelines and subsequent M&A transactions. Most recently, Mr. Dhillon was involved as a board member in the completion of a trilateral merger between three Capital Pool Companies listed on the TSX Venture Exchange, which completed a qualifying transaction in April 2010 with a company specializing in conservation and demand management accessories for the utilities industry. Prior to joining Inovio, Mr. Dhillon worked for a corporate finance law firm as a law clerk. Since September 1999 to July 2002, he worked with MDS Capital Corp. (now Lumira Capital Corp.) as an intern analyst. Mr. Dhillon is an active member in his community and co-founder of Inbalance Network Inc. an organization focused on promoting an

active lifestyle and grass roots community

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involvement, including scholarships to support students pursuing post-secondary education. Mr. Dhillon has a Bachelor of Arts with honors in Political Science and a minor in Business Administration from Simon Fraser University. Mr. Dhillon s in depth knowledge of our business and operations as our Chief Executive Officer, his experience in the biotechnology and pharmaceutical industry, and his experience with publicly traded companies, position him well to serve as a member of our Board of Directors.

Veronica Vallejo, Chief Financial Officer

Ms. Vallejo serves as our Chief Financial Officer. Ms. Vallejo has been a corporate officer of OncoSec since February 2011, having previously served as our Controller, Secretary and Treasurer prior to being appointed as our Chief Financial Officer in February 2013. Prior to working for us, Ms. Vallejo worked in public accounting since 1997, most recently working as a Senior Manager with Mayer Hoffman McCann P.C., from January 2001 to December 2010. Ms. Vallejo holds a B.S. in Business Administration with an emphasis in accounting from San Diego State University. She is a certified public accountant and a member of the American Institute of Certified Public Accountants.

Term of Office

Our directors are elected at each annual meeting of stockholders and serve until the next annual meeting of stockholders or until their successor has been duly elected and qualified, or until their earlier death, resignation or removal.

Committees of the Board of Directors

On June 30, 2011, our Board of Directors established an Audit Committee, a Compensation Committee, a Nomination and Corporate Governance Committee, a Clinical and Regulatory Affairs Committee and a Financing Committee, each of which has the composition and responsibilities described below.

Audit Committee

The Audit Committee of our Board of Directors consists of Dr. Anthony Maida and Dr. James DeMesa, with Dr. Maida serving as Chairman. Our Board of Directors has determined that each of the members of our Audit Committee is independent within the meaning of applicable Securities and Exchange Commission rules and Rule 803B of the NYSE MKT LLC Company Guide, and has determined that Dr. Maida is an audit committee financial expert, as such term is defined in the rules and regulations of the Securities and Exchange Commission and is financially sophisticated within the meaning of Rule 803B of the NYSE MKT LLC Company Guide. The Audit Committee has oversight responsibilities regarding, among other things: the preparation of our financial statements and our financial reporting and disclosure processes; the administration, maintenance and review of our system of internal controls regarding accounting compliance; our practices and processes relating to internal audits of our financial statements; the appointment of our independent registered public accounting firm and the review of its qualifications and independence; the review of reports, written statements and letters from our independent registered public accounting firm; and our compliance with legal and regulatory requirements in connection with the foregoing. Our Board of Directors has adopted a written charter for our Audit Committee, which is available on our website, www.oncosec.com, under the Investors tab.

Compensation Committee

The Compensation Committee of our Board of Directors consists of Dr. Avtar Dhillon and Dr. James DeMesa, with Dr. Dhillon serving as Chairman. Our Board of Directors has determined that each of the members of our Compensation Committee is independent within the meaning of applicable Securities and Exchange Commission rules and Rule 803A of the NYSE MKT LLC Company Guide. The duties of our Compensation Committee include, without limitation: reviewing, approving and administering compensation programs and arrangements to ensure that they are effective in attracting and retaining key employees and reinforcing business strategies and objectives; determining the objectives of our executive officer compensation programs and the specific objectives relating to CEO compensation, including evaluating the performance of the CEO in light of those objectives; approving the compensation of our other executive officers and our directors; administering our as-in-effect incentive-compensation and equity-based plans; and producing an annual report on executive officer compensation for inclusion in our proxy statement, when required and in accordance with applicable rules and regulations. Our Board of Directors has adopted a written charter for our Compensation Committee, which is available on our website, www.oncosec.com, under the Investors tab.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee of our Board of Directors consists of Dr. James DeMesa, Dr. Avtar Dhillon and Dr. Anthony Maida, with Dr. DeMesa serving as Chairman. Our Board of Directors has determined that each of the members of our Nomination and Corporate Governance Committee is independent within the meaning of

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applicable Securities and Exchange Commission rules and Rule 803A of the NYSE MKT LLC Company Guide. The responsibilities of the Nomination and Corporate Governance Committee include, without limitation: assisting in the identification of nominees for election to our Board of Directors, consistent with approved qualifications and criteria; determining the composition of the Board of Directors and its committees; recommending to the Board of Directors the director nominees for the annual meeting of stockholders; establishing and monitoring a process of assessing the effectiveness of the Board of Directors; developing and overseeing a set of corporate governance guidelines and procedures; and overseeing the evaluation of our directors and executive officers. Our Board of Directors has adopted a written charter for our Nomination and Corporate Governance Committee, which is available on our website, www.oncosec.com, under the Investors tab.

Clinical and Regulatory Affairs Committee

The Clinical and Regulatory Affairs Committee of our Board of Directors consists of Dr. Anthony Maida and Dr. Avtar Dhillon, with Dr. Maida serving as Chairman. The Clinical and Regulatory Affairs Committee does not currently have a charter. The Clinical and Regulatory Affairs Committee has responsibilities relating to reviewing and providing comments on the clinical development plan for our OMS ImmunoPulse programs, including introducing the clinical team to established opinion leaders, potential doctors and investigators, regulatory contacts and other professionals in the clinical oncology field that could benefit us in executing our development plan.

Financing Committee

Dr. Avtar Dhillon is the Chairman and sole member of our Financing Committee. The Financing Committee does not currently have a charter. The Financing Committee has responsibilities relating to our efforts to obtain adequate funding to finance our development programs and operations.

Family Relationships

Mr. Punit Dhillon, director, President and Chief Executive Officer, is the nephew of Dr. Avtar Dhillon, a director and our Chairman of the Board. No other family relationships exist between any of the directors or executive officers of our company.

Section 16 Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us from such reporting persons, we believe that all such filing requirements applicable to our executive officers, directors and more than 10% stockholders were met in a timely manner.

Code of Business Conduct and Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer and controller. The Code of Business Conduct and Ethics is available for review on our website at www.oncosec.com, under the Investors tab, and is also available in print, without charge, to any stockholder who requests a copy by writing to us at OncoSec Medical Incorporated, 9810 Summers Ridge Road, Suite 110, San Diego, CA 92121, Attention: Investor Relations. Each of our directors, employees and officers, including our Chief Executive Officer and Chief Financial Officer, and all of our other executive officers, are required to comply with the Code of Business Conduct and Ethics. There have not been any amendments to or waivers from the Code of Business Conduct and Ethics relating to any of our executive officers or directors in the past year.

Corporate Governance Documents

Our corporate governance documents, including the charters of each of the Audit Committee, Compensation Committee and Nomination and Corporate Governance Committee are available, free of charge, on our website at www.oncosec.com, under the Investors tab. Please note, however, that the information contained on the website is not incorporated by reference in, or considered part of, this prospectus. We will also provide copies of these documents, free of charge, to any stockholder upon written request to OncoSec Medical Incorporated, 9810 Summers Ridge Road, Suite 110, San Diego, CA 92121, Attention: Investor Relations.

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EXECUTIVE COMPENSATION

The following table summarizes all compensation recorded by us in each of Fiscal 2013 and Fiscal 2012 for our named executive officers, consisting of (i) our principal executive officer, (ii) our principal financial officer, and (iii) our next most highly compensated executive officer whose total compensation exceeded $100,000 in Fiscal 2013 (of which there were none).

Summary Compensation Table

Name	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (4)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (3)	Total ($)
Punit Dhillon, President & CEO (1)	2013	$ 293,958	96,000		30,128			20,250	$ 440,336
	2012	$ 247,500			34,699				$ 282,199
Veronica Vallejo, CFO (2)	2013	$ 199,167	48,000		10,813			3,894	$ 261,874
	2012	$ 165,000			10,410				$ 175,410

(1) Mr. Dhillon was appointed our President and Chief Executive Officer on March 10, 2011.

(2) Ms. Vallejo was appointed our Secretary and Treasurer on March 10, 2011 and our Chief Financial Officer on February 8, 2013. Ms. Vallejo is also our Principal Financial and Accounting Officer.

(3) Amounts under the All Other Compensation column consist of the payment of accrued vacation benefits.

(4) The values listed in the above table represent the fair value of the option grants that was recognized during Fiscal 2013 and Fiscal 2012, as applicable, under Accounting Standards Codification Topic 718 and is calculated as of the grant date using a Black-Scholes option-pricing model. For information on the valuation assumptions with respect to the grants made during Fiscal 2013 and Fiscal 2012, refer to Note 9 Stock-Based Compensation in our consolidated financial statements for Fiscal 2013, included in this prospectus.

Outstanding Equity Awards At Fiscal Year-End

The following table summarizes the aggregate number of option awards held by our named executive officers at July 31, 2013.

Name	Number of Securities Underlying Unexercised	Number of Securities Underlying Unexercised	Equity Incentive Plan Awards: Number of	Option Exercise Price ($)	Option Expiration Date

	Options (#) Exercisable	Options (#) Unexercisable	Securities Underlying Unexercised Unearned Options (#)			
Punit Dhillon (1)	330,000	170,000	$	0.21	4/25/22
		250,000		0.23	2/8/23
Veronica Vallejo (2)	99,000	51,000	$	0.21	4/25/22
		100,000	$	0.23	2/8/23

(1) Mr. Dhillon was issued an option to purchase 500,000 shares of our common stock on April 25, 2012. The option vests on the following schedule: 33% upon grant, 33% one year anniversary of grant date, 34% two year anniversary of grant date. Mr. Dhillon was also issued an option to purchase 250,000 shares of our common stock on February 8, 2013. The option vests on the following schedule: 33% one year anniversary of grant date, with the remaining option shares vesting monthly thereafter in equal increments.

(2) Ms. Vallejo was issued an option to purchase 150,000 shares of our common stock on April 25, 2012. The option vests on the following schedule: 33% upon grant, 33% one year anniversary of grant date, 34% two year anniversary of grant date. Ms. Vallejo was also issued an option to purchase 100,000 shares of our common stock on February 8, 2013. The option vests on the following schedule: 33% one year anniversary of grant date, with the remaining option shares vesting monthly thereafter in equal increments.

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Employment Agreements

Punit Dhillon

On May 18, 2011, we entered into an Employment Agreement with our current President and Chief Executive Officer, Mr. Punit Dhillon. The Employment Agreement provides for the following, among other things: (a) an initial annual base salary of $240,000; (b) eligibility to receive an annual bonus at the discretion of the Board of Directors; (c) eligibility to participate in the Company s stock incentive program at the discretion of the Board of Directors; (d) acceleration of vesting of any unvested stock options outstanding upon a change of control of the Company; (e) if Mr. Dhillon is terminated other than for cause, death or disability, or if he terminates his employment with the Company for good reason, Mr. Dhillon is entitled to receive (i) severance payments equal to 24 months of his then current annual base salary, (ii) a pro rata percentage of the annual bonus he had received the prior fiscal year and (iii) payment of health benefits for 24 months, conditioned on his execution of a release; and (f) if Mr. Dhillon s employment is terminated for death or disability, he or his estate is entitled to receive a pro rata percentage of the annual bonus he had received for the prior fiscal year. Mr. Dhillon s Employment Agreement has an initial term of five years.

The term good reason is defined to mean termination by Mr. Dhillon following the occurrence of any of the following events without Mr. Dhillon s consent: (a) Mr. Dhillon ceases to report to the Board of Directors, provided that such change in reporting relationship results in a material reduction in his authority, duties or responsibilities; or (b) any other material reduction in his duties, authority or responsibilities relative to those in effect immediately prior to the reduction.

On April 25, 2012, our Board of Directors approved an increase in Mr. Dhillon s annual base salary to $270,000. On February 8, 2013, our Board of Directors approved an increase in Mr. Dhillon s annual base salary to $320,000.

On April 25, 2012, Mr. Dhillon was granted an option to purchase up to 500,000 shares of our common stock at an exercise price of $0.21 per share under the 2011 Plan. The option vests over a two year period, with 33% vesting immediately upon issuance, 33% vesting on the one year anniversary of the grant date and 34% vesting on the two year anniversary of the grant date. The option may vest immediately upon a corporate transaction or change in control, as defined in the 2011 Plan.

On February 8, 2013, Mr. Dhillon was granted an option to purchase 250,000 shares of our common stock at an exercise price of $0.23 per share under the 2011 Plan. The option vests over a three year period, with 33% vesting on the one year anniversary of grant date and the remaining option shares vesting monthly thereafter in equal increments. The option may vest immediately upon a corporate transaction or change in control, as defined in the 2011 Plan.

Veronica Vallejo

On May 18, 2011, we entered into an Employment Agreement with Ms. Veronica Vallejo, who was then Vice President, Finance and Controller and who is currently our Chief Financial Officer. The Employment Agreement provides for the following, among other things: (a) an initial annual base salary of $140,000; (b) eligibility to receive an annual bonus at the discretion of the Board of Directors; (c) eligibility to participate

in the Company s stock incentive program at the discretion of the Board of Directors; (d) acceleration of vesting of any unvested stock options outstanding upon a change of control of the Company; (e) if Ms. Vallejo is terminated other than for cause, death or disability, or if she terminates her employment with the Company for good reason, she is entitled to receive (i) severance payments equal to six months of her then current annual base salary, (ii) a pro rata percentage of the annual bonus she had received the prior fiscal year and (iii) payment of health benefits for six months, conditioned on her execution of a release; and (f) if Ms. Vallejo s employment is terminated for death or disability, she or her estate is entitled to receive a pro rata percentage of the annual bonus she had received for the prior fiscal year. Ms. Vallejo s Employment Agreement has an initial term of five years.

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The term good reason is defined to mean termination by Ms. Vallejo following the occurrence of any of the following events without Ms. Vallejo s consent: (a) Ms. Vallejo ceases to report directly to the President and Chief Executive Officer or the Board of Directors, provided that such change in reporting relationship results in a material reduction in her authority, duties or responsibilities; or (b) any other material reduction in her duties, authority or responsibilities relative to those in effect immediately prior to the reduction.

On June 30, 2011, Ms. Vallejo was promoted to Vice President, Finance, and a commensurate increase in her base annual salary to $160,000. On April 25, 2012, our Board of Directors approved an increase in Ms. Vallejo s annual base salary to $180,000. On February 8, 2013, our Board of Directors appointed Ms. Vallejo as our Chief Financial Officer and increased in her annual base salary to $220,000.

On August 2, 2013, the Compensation Committee of our Board of Directors approved an amendment to Ms. Vallejo s Employment Agreement, pursuant to which (i) the severance payment payable to Ms. Vallejo in the event of her termination has been amended to equal 12 months instead of six months of her annual base salary at the time of termination, and (ii) the period for which we will pay for applicable premium costs for continued group health plan coverage has been increased from six months to 12 months following the date of her termination, subject in each case to the terms of the Employment Agreement.

On April 25, 2012, Ms. Vallejo was granted an option to purchase up to 150,000 shares of our common stock at an exercise price of $0.21 per share under the 2011 Plan. The option vests over a two year period, with 33% vesting immediately upon issuance, 33% vesting on the one year anniversary of the grant date and 34% vesting on the two year anniversary of the grant date. The option may vest immediately upon a corporate transaction or change in control, as defined in the 2011 Plan.

On February 8, 2013, Ms. Vallejo was granted an option to purchase 100,000 shares of our common stock at an exercise price of $0.23 per share under the 2011 Plan. The option vests over a three year period, with 33% vesting on the one year anniversary of grant date and the remaining option shares vesting monthly thereafter in equal increments. The option may vest immediately upon a corporate transaction or change in control, as defined in the 2011 Plan.

Compensation of Directors

All directors received reimbursement for reasonable out-of-pocket expenses in attending Board of Directors meetings and for promoting our business.

On June 30, 2011, the Board of Directors adopted a director compensation policy for non-employee directors, retroactive to the date of each non-employee director s appointment. According to such policy, the Chairman of our Board of Directors receives an annual fee of $30,000 and all other independent directors receive an annual fee of $15,000 for service on our Board of Directors. In addition, non-employee directors receive the following compensation for serving on the following committees of the Board of Directors:

- The Chairman of the Audit Committee receives $12,000 per year and each member of the Audit Committee receives $6,000 per year;

•The Chairman of the Compensation Committee receives $8,000 per year and each member of our Compensation Committee receives $4,000 per year;

•The Chairman of our Nomination and Corporate Governance Committee receives $6,000 per year and each member of the committee receives $3,000 per year; and

•In recognition of the significant contributions expected of the members of our Clinical and Regulatory Affairs Committee and our Financing Committee, each member of the Clinical and Regulatory Affairs Committee receives $20,000 per year and each member of our Financing Committee receives $40,000 per year.

Additionally, members of all of our committees receive a fee of $1,500 for each committee meeting attended in person and $750 for each committee meeting attended telephonically.

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The following table summarizes all compensation paid to our non-employee directors during Fiscal 2013:

Director Compensation Table

Name	Fees Earned or Paid In Cash ($)	Stock Awards ($)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All other Compensation ($)	Total ($)
Dr. Avtar Dhillon (1)	$ 110,000		18,514				$ 128,514
Dr. Anthony Maida (2)	$ 60,000		18,514				$ 78,514
Dr. James DeMesa (3)	$ 37,750		18,514				$ 56,264

(1) On April 15, 2013, Dr. Dhillon was granted an option to purchase 100,000 shares of common stock with an exercise price of $0.25 and a ten-year term. The option vests over a one-year period, as follows: 25% on the date of grant, and 25% quarterly thereafter. As of July 31, 2013, Dr. Dhillon held (i) outstanding option awards to purchase up to an aggregate of 200,000 shares of common stock, and (ii) no outstanding stock awards.

(2) On April 15, 2013, Dr. Maida was granted an option to purchase 100,000 shares of common stock with an exercise price of $0.25 and a ten-year term. The option vests over a one-year period, as follows: 25% on the date of grant, and 25% quarterly thereafter. As of July 31, 2013, Dr. Maida held (i) outstanding option awards to purchase up to an aggregate of 300,000 shares of common stock, and (ii) no outstanding stock awards.

(3) On April 15, 2013, Dr. DeMesa was granted an option to purchase 100,000 shares of common stock with an exercise price of $0.25 and a ten-year term. The option vests over a one-year period, as follows: 25% on the date of grant, and 25% quarterly thereafter. As of July 31, 2013, Dr. DeMesa held (i) outstanding option awards to purchase up to an aggregate of 200,000 shares of common stock, and (ii) no outstanding stock awards.

(4) Reflects the dollar amount of the grant date fair value of awards granted during Fiscal 2013, measured in accordance with Accounting Standards Codification Topic 718 and without adjustment for estimated forfeitures. For information on the valuation assumptions with respect to such awards, refer to Note 9 Stock-Based Compensation in our unaudited condensed consolidated financial statements for Fiscal 2013, included in this prospectus.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

Other than as described below, since August 1, 2010, there have been no transactions, or currently proposed transactions, in which we were or are to be a participant and the amount involved exceeds the lesser of $120,000 or one percent of the average of our total assets at year end for the last three completed fiscal years and in which any related person had or will have a direct or indirect material interest.

On February 11, 2011, we entered into a promissory note arrangement with Poma Management S.A. in the amount of $120,000. Our former director and chief executive officer and a former holder of over 5% of our common stock, Ronald Dela Cruz, is affiliated with Poma Management S.A. The promissory note bore interest at a rate of 10% annually. We made full payment on this promissory note on March 18, 2011.

Mr. Dela Cruz also loaned us an amount of $33,867 to fund operations, which did not include interest terms. On March 18, 2011, we made full payment on this loan.

Director Independence

We are not currently listed on any national securities exchange that has a requirement that the majority of our Board of Directors be independent. However, our Board of Directors has determined that all of the current members of our Board of Directors would be considered independent under Rule 803A of the NYSE MKT LLC Company Guide as applied to directors and to members of audit, nominating and corporate governance and compensation committees of the Board of Directors, except that Punit Dhillon would not be considered independent because he is our President and Chief Executive Officer.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the beneficial ownership of our common stock by (i) each person who, to our knowledge, owns more than 5% of our common stock as of December 5, 2013, (ii) each of our directors and executive officers, and (iii) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, the address of each person named in the table is: c/o OncoSec Medical Incorporated, 9810 Summers Ridge Road, Suite 110, San Diego, CA 92121. Shares of our common stock subject to options, warrants, or other rights currently exercisable or exercisable within 60 days of December 5, 2013, are deemed to be beneficially owned and outstanding for computing the share and percentage ownership of the person holding such options, warrants or other rights, but are not deemed outstanding for computing the percentage ownership of any other person.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned (1)
Directors and Named Executive Officers:		
Avtar Dhillon (2)	10,110,480	5.9%
Punit Dhillon (3) (4)	4,724,000	2.8%
Anthony Maida (5)	300,000	*
James DeMesa (2)	450,000	*
Veronica Vallejo (6)	299,000	*
Current Directors and Executive Officers as a Group (5 persons)	15,883,480	9.2%

*Less than 1%

(1) Based on 171,038,526 shares of our common stock issued and outstanding as of December 5, 2013. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.

(2) Includes 200,000 shares of common stock issuable upon exercise of options exercisable within 60 days of December 5, 2013.

(3) Includes 120,000 shares held by Inbalance Network Inc., and 25,000 shares held by Four Front Investments. Mr. Dhillon is a stockholder and managing partner of Inbalance Network, Inc. and Four Front Investments and is deemed to have beneficial ownership of such securities. Also includes 607,000 shares held by Mr. Dhillon s spouse.

(4) Includes 330,000 shares of common stock issuable upon exercise of options exercisable within 60 days of December 5, 2013.

(5) Includes 300,000 shares of common stock issuable upon exercise of options exercisable within 60 days of December 5, 2013.

(6) Includes 99,000 shares of common stock issuable upon exercise of options exercisable within 60 days of December 5, 2013.

LEGAL MATTERS

The validity of the common stock being offered hereby has been passed upon by McDonald Carano Wilson LLP, Reno, Nevada.

EXPERTS

Mayer Hoffman McCann P.C., an independent registered public accounting firm, has audited our consolidated financial statements for the years ended July 31, 2013 and 2012, and for the period from inception (February 8, 2008) to July 31, 2013, as stated in its report appearing herein, and such audited consolidated financial statements have been so included in reliance upon the report of such firm given upon its authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C.

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20549, on official business days during the hours of 10:00 am and 3:00 pm. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available on the SEC s web site at http://www.sec.gov. Copies of certain information filed by us with the SEC are also available on our web site at http://www.oncosec.com. We have not incorporated by reference into this prospectus the information on our website, and you should not consider it to be a part of this document.

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock and warrants being offered by this prospectus. This prospectus is part of that registration statement. This prospectus does not contain all of the information set forth in the registration statement or the exhibits to the registration statement. For further information with respect to us and the shares we are offering pursuant to this prospectus, you should refer to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete, and you should refer to the copy of that contract or other documents filed as an exhibit to the registration statement. You may read or obtain a copy of the registration statement at the SEC s public reference room and website referred to above.

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OncoSec Medical Incorporated

(A Development Stage Company)

FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

OncoSec Medical Incorporated and Subsidiary

We have audited the accompanying consolidated balance sheets of **OncoSec Medical Incorporated and Subsidiary** (a development stage company) as of July 31, 2013 and 2012, and the related consolidated statements of operations, stockholders equity (deficit), and cash flows for the years then ended and for the period from inception (February 8, 2008) to July 31, 2013. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **OncoSec Medical Incorporated and Subsidiary** as of July 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended and for the period from inception (February 8, 2008) to July 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ Mayer Hoffman McCann P.C.
San Diego, California
September 27, 2013

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Balance Sheets

As of July 31, 2013 and July 31, 2012

	July 31, 2013	July 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 4,970,175	$ 5,141,509
Prepaid expenses	186,984	343,180
Other current assets	12,528	8,367
Total Current Assets	5,169,687	5,493,056
Property and equipment, net	151,625	76,911
Intangible assets, net	1,161,731	1,858,770
Other long-term assets	26,685	
Total Assets	$ 6,509,728	$ 7,428,737
Liabilities and Stockholders Equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 729,085	$ 384,321
Accrued compensation		218,849
Accrued income taxes	1,600	3,200
Acquisition obligation, current	979,316	1,416,786
Accrued other	60,603	
Total Current Liabilities	1,770,604	2,023,156
Acquisition obligation, net of current portion		979,316
Total Liabilities	1,770,604	3,002,472
Stockholders Equity		
Common stock authorized - 3,200,000,000 common shares with a par value of $0.0001, common stock issued and outstanding - 118,014,224 and 87,856,000 common shares as of July 31, 2013 and July 31, 2012, respectively	11,802	8,786
Additional paid-in capital	11,467,139	5,593,567
Warrants issued and outstanding - 57,644,276 and 42,246,000 warrants as of July 31, 2013 and July 31, 2012, respectively	6,611,098	5,024,640
Deficit accumulated during the development stage	(13,350,915)	(6,200,728)
Total Stockholders Equity	4,739,124	4,426,265
Total Liabilities and Stockholders Equity	$ 6,509,728	$ 7,428,737

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

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Statements of Operations

	Fiscal Year Ended July 31, 2013	Fiscal Year Ended July 31, 2012	Period from Inception (February 8, 2008) to July 31, 2013
Revenue	$	$	$
Expenses:			
Research and development	3,159,209	2,368,481	6,202,156
General and administrative	3,905,763	3,158,693	8,153,524
Loss from operations	(7,064,972)	(5,527,174)	(14,355,680)
Other income (expense):			
Fair value of derivative liabilities in excess of proceeds			(808,590)
Adjustments to fair value of derivative liabilities		4,192,781	3,150,986
Loss on extinguishment of debt		(761,492)	(761,492)
Financing transaction costs			(210,000)
Non-cash interest expense	(83,215)	(266,567)	(349,782)
Interest expense			(1,357)
Impairment charges			(9,000)
Net loss before income taxes	(7,148,187)	(2,362,452)	(13,344,915)
Provision for income taxes	2,000	2,400	6,000
Net loss	$ (7,150,187)	$ (2,364,852)	$ (13,350,915)
Basic and diluted net loss per common share	$ (0.07)	$ (0.04)	
Weighted average shares used in computing basic and diluted net loss per common share	106,558,325	67,443,432	

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

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Statements of Stockholders Equity (Deficit)

For the period from Inception (February 8, 2008) to July 31, 2013

	Common Stock (1)		Additional Paid-In	Warrants		Deficit Accumulated during the Development	Total Stockholders Equity
	Shares	Amount	Capital (1)	Shares	Amount	Stage	(Deficit)
Balance, February 8, 2008		$	$		$	$	$
Shares issued to founder on Feb 8, 2008	48,000,000	4,800	10,200				15,000
Private placement on June 30, 2008	20,480,000	2,048	29,952				32,000
Net loss						(7,187)	(7,187)
Balance, July 31, 2008	68,480,000	6,848	40,152			(7,187)	39,813
Net loss						(33,714)	(33,714)
Balance, July 31, 2009	68,480,000	6,848	40,152			(40,901)	6,099
Net loss						(36,158)	(36,158)
Balance, July 31, 2010	68,480,000	6,848	40,152			(77,059)	(30,059)
Common stock cancelled	(17,280,000)	(1,728)	1,728				
Private placement on March 18, 2011	1,456,000	146	659,873	1,456,000	431,981		1,092,000
Common stock issued for services	200,000	20	331,980				332,000
Private placement on June 24, 2011	4,000,000	400	(400)	4,000,000			
Net loss						(3,758,817)	(3,758,817)
Balance, July 31, 2011	56,856,000	5,686	1,033,333	5,456,000	431,981	(3,835,876)	(2,364,876)
Issuance of warrants Inovio				4,000,000	958,111		958,111
Expiration of Series B Warrants				(4,000,000)			
Re-classification of Series A Warrants				4,240,000	657,604		657,604
Public offering on March 28, 2012, net of issuance costs of $542,500	31,000,000	3,100	4,227,456	32,550,000	2,976,944		7,207,500
Share-based compensation expense			332,778				332,778
Net loss						(2,364,852)	(2,364,852)
Balance, July 31, 2012	87,856,000	8,786	5,593,567	42,246,000	5,024,640	(6,200,728)	4,426,265
Exercise of stock options	766,500	76	138,224				138,300
Exercise of common stock warrants	441,724	45	181,931	(441,724)	(39,858)		142,118
Common stock issued in connection with license agreement	150,000	15	34,485				34,500
Public offering on December 17, 2012, net of issuance costs of $504,000	28,800,000	2,880	5,066,804	15,840,000	1,626,316		6,696,000

Share-based compensation expense			452,128				452,128
Net loss						(7,150,187)	(7,150,187)
Balance, July 31, 2013	118,014,224	$11,802	$11,467,139	57,644,276	$6,611,098	$(13,350,915)	$4,739,124

(1) Adjusted to reflect the forward stock split of 32-for-1 effective March 1, 2011.

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

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Statements of Cash Flows

	Year Ended July 31, 2013	Year Ended July 31, 2012	Period from Inception (February 8, 2008) to July 31, 2013
Operating activities			
Net loss	$ (7,150,187)	$ (2,364,852)	$ (13,350,915)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	736,875	717,450	1,705,145
Write-down of supplies inventory			38,000
Write-down of web development costs			9,000
Fair value of derivative liabilities in excess of proceeds			808,590
Loss on extinguishment of debt		761,492	761,492
Gain on adjustment to fair value of derivative liabilities		(4,192,781)	(3,150,986)
Non-cash interest expense	83,215	266,567	349,782
Share-based compensation	452,128	332,778	784,906
Common stock paid for services	34,500	249,000	366,500
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid expenses	156,194	(164,220)	(186,986)
(Increase) decrease in other current and long-term assets	(30,845)	7,572	(39,212)
(Decrease) increase in accounts payable and accrued liabilities	344,764	15,146	729,085
(Decrease) increase in accrued compensation	(218,849)	151,075	
(Decrease) increase in accrued other	60,603		60,603
(Decrease) Increase in accrued income taxes	(1,600)	1,600	1,600
Net cash used in operating activities	(5,533,202)	(4,219,173)	(11,113,396)
Investing activities			
Purchases of property and equipment	(114,550)	(54,511)	(239,347)
Investment in intangible assets			(250,000)
Net cash used in investing activities	(114,550)	(54,511)	(489,347)
Financing activities			
Proceeds from issuance of common stock and warrants	7,200,000	7,750,000	19,089,000
Payment of financing and offering costs	(504,000)	(542,500)	(1,046,500)
Payment of amounts due under acquisition obligation	(1,500,000)	(250,000)	(1,750,000)
Proceeds from exercise of warrants and stock options	280,418		280,418
Proceeds from amounts due to stockholder			153,867
Repayment of amounts due to stockholder			(153,867)
Net cash provided by financing activities	5,476,418	6,957,500	16,572,918
Net increase (decrease) in cash	(171,334)	2,683,816	4,970,175
Cash and cash equivalents, at beginning of period	5,141,509	2,457,693	
Cash and cash equivalents, at end of period	$ 4,970,175	$ 5,141,509	$ 4,970,175
Supplemental disclosure for cash flow information:			
Cash paid during the period for:			
Interest	$	$	$ 1,357
Income taxes	$ 2,800	$ 800	$ 3,600

Noncash investing and financing transaction:			
Fair value of placement agent warrants issued in the public offering	$ 228,240	$ 276,980	$ 505,220
Acquisition obligation of asset purchase agreement	$	$	$ 2,750,000
Acquisition obligation discounts - imputed interest and fair value of warrants	$	$ 402,355	$ 402,355

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations and Basis of Presentation

OncoSec Medical Incorporated (the Company) was incorporated under the name of Netventory Solutions Inc., in the state of Nevada on February 8, 2008 to pursue the business of inventory management solutions. On March 1, 2011, Netventory Solutions Inc. completed a merger with its subsidiary OncoSec Medical Incorporated and changed its name to OncoSec Medical Incorporated. On March 24, 2011, the Company completed the acquisition of certain technology and related assets from Inovio Pharmaceuticals, Inc. (Inovio) pursuant to an Asset Purchase Agreement (the Asset Purchase Agreement) dated March 14, 2011. The acquired technology and related assets relate to the use of drug-medical device combination products for the treatment of various cancers. Since this acquisition, the Company has focused its efforts in the biomedical industry and abandoned its efforts in the online inventory services industry. Prior to the acquisition of the assets from Inovio, the Company had been inactive since March 2010 and had no continuing operations other than those of a company seeking a business opportunity. The Company has not produced any revenues from its newly acquired assets and is considered a development stage company.

The accompanying consolidated financial statements include the accounts of OncoSec Medical Incorporated and its wholly-owned inactive subsidiary, OncoSec Medical Therapeutics Incorporated (OncoSec Medical Therapeutics), which was acquired on June 3, 2011 for a total purchase price of $1,000. OncoSec Medical Therapeutics was incorporated in Delaware on July 2, 2010. There have been no significant transactions related to this subsidiary since its inception. All significant intercompany transactions and balances have been eliminated at consolidation.

Note 2 Significant Accounting Policies

Financial Instruments

The carrying amounts for cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term nature, generally less than three months. The carrying amount of the Company s short-term acquisition obligation outstanding approximates fair value based upon current rates and terms available to us for similar activity. It is management s opinion that the Company is not exposed to significant interest, currency, or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where separately disclosed.

Derivative Liabilities

The Company accounts for its warrants and other derivative financial instruments as either equity or liabilities based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded at fair value as of the date of issuance on the Company s consolidated balance sheets and no further adjustments to their valuation are made. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company s consolidated balance sheets at their fair value on the date of issuance and will be revalued on each subsequent balance sheet date until such instruments are exercised or expire, with any changes in

the fair value between reporting periods recorded as other income or expense. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or instruments on the valuation date, as well as assumptions for future financings, expected volatility, expected life, yield, and risk-free interest rate.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and disclosures made in the accompanying notes to the consolidated financial statements. Actual results could differ materially from the estimates.

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Property and Equipment

The cost of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets. The useful lives of property and equipment for the purpose of computing depreciation are:

Computers and Equipment	3 to 5 years
Computer Software	1 to 3 years
Leasehold Improvements	3 years

Total depreciation expense recorded for the years ended July 31, 2013 and 2012 was approximately $40,000 and $35,000 respectively.

Net Loss Per Share

The Company computes basic net loss per common share by dividing the applicable net loss by the weighted average number of common shares outstanding during the respective period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential future issuances of common stock relating to stock options and other potentially dilutive securities using the treasury stock method. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. In addition, the assumed proceeds under the treasury stock method include the average unrecognized compensation expense of stock options that are in-the-money. This results in the assumed buyback of additional shares, thereby reducing the dilutive impact of stock options. The Company did not include shares underlying stock options and warrants issued and outstanding during any of the periods presented in the computation of net loss per share, as the effect would have been anti-dilutive.

Stock Options to Non-Employees

Expense for stock options granted to non-employees has been determined using the estimated fair value of the stock options issued, based on the Black-Scholes Option Pricing Model. Such options are revalued quarterly until fully vested, with any change in fair value expensed. During the years ended July 31, 2013 and 2012, the Company recorded $11,000 and $25,000, respectively, in research and development expense and $289,000 and $133,000, respectively, in general and administrative expense for stock options granted to non-employees.

Comprehensive Income (Loss)

Comprehensive income or loss includes all changes in equity except those resulting from investments by owners and distributions to owners. The Company did not have any items of comprehensive income or loss other than net loss from operations for the years ended July 31, 2013 and 2012, or for the period from inception (February 8, 2008) through July 31, 2013.

Note 3 Cash and Cash Equivalents and Liquidity

The Company considers all liquid investments with maturities of ninety days or less when purchased to be cash equivalents. As of July 31, 2013 and July 31, 2012, cash and cash equivalents were comprised of cash in checking accounts.

The Company s activities to date have been supported by equity and debt financing. It has sustained losses in previous reporting periods with an inception to date loss of $13,350,915 as of July 31, 2013.

As of July 31, 2013, the Company had cash and cash equivalents of approximately $4.9 million. On September 18, 2013, the Company completed a registered public offering and issued an aggregate of 47,792,000 shares of the Company s common stock and warrants to purchase an aggregate of 23,896,000 shares of the Company s common stock, for net proceeds to the Company, after deducting for fees and expenses, of approximately $11.1 million (the September 2013 Public Offering) (see Note 13) As a result of the September 2013 Public Offering, the Company believes its cash resources are sufficient to meet its anticipated needs during the next twelve months. Even after giving effect to the proceeds received from that public offering, the Company will require additional financing to fund its planned operations, including research and development and clinical trials and commercialization of the intellectual property acquired from Inovio pursuant to the Asset Purchase Agreement (see Note 5). In addition, the Company will require additional financing in order to seek to license or acquire new assets, research and develop any potential patents and the related compounds, and obtain any further intellectual property that the Company may seek to acquire. Additional financing may not be available to the Company when needed or, if available, it may not be obtained on commercially reasonable terms. If the Company is not able to obtain the necessary additional financing on a timely basis, the Company will be forced to delay or scale down some or all of its development activities or perhaps even cease the operation of its business. Historically, the Company has funded its operations primarily through equity financings and it expects that it will continue to fund its operations through equity and debt financing. If the Company raises additional financing by issuing equity securities, its existing stockholders ownership will be diluted.

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Obtaining commercial loans, assuming those loans would be available, will increase the Company s liabilities and future cash commitments. The Company also expects to pursue non-dilutive financing sources. However, obtaining such financing would require significant efforts by the Company s management team, and such financing may not be available, and if available, could take a long period of time to obtain.

Note 4 Fair Value of Financial Instruments

Financial assets and liabilities are measured at fair value, which is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

•Level 1 Quoted prices in active markets for identical assets or liabilities.

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

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

In conjunction with the June 2011 Private Placement, the Company issued warrants with derivative features. These instruments, the Series A and Series C Warrants, were accounted for as derivative liabilities (see Note 7).

The Company used Level 3 inputs for its valuation methodology for the warrant derivative liabilities. The estimated fair values were determined using a Monte Carlo option pricing model based on various assumptions. The Company s derivative liabilities are adjusted to reflect estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded in other income or expense accordingly, as adjustments to fair value of derivative liabilities.

On February 21, 2012, Series C Warrants to purchase an aggregate of 4,000,000 shares of the Company s stock expired unexercised. On March 28, 2012, the Series A Warrants were reclassified to equity, following the reset of the exercise price to the base floor price of $0.50 per warrant share and an evaluation of the instrument s settlement provisions which were determined to be fixed-for-fixed (see Note 7).

During the year ended July 31, 2012, the estimated fair value of derivative liabilities decreased by $4,192,781. This amount was recorded as other income during the year ended July 31, 2012.

Note 5 Intangible Asset Acquisition and Cross License Agreement

On March 14, 2011, the Company entered into the Asset Purchase Agreement with Inovio, whereby the Company agreed to purchase certain assets of Inovio related to certain non-DNA vaccine and selective electrochemical tumor ablation (SECTA) technology (which we now refer to as the OncoSec Medical System, or OMS), including, among other things: (a) certain patents, including patent applications, and trademarks related to the SECTA technology; (b) certain equipment, machinery, inventory and other tangible assets related to the technology; (c) certain engineering and quality documentation related to the technology; and (d) the assignment of certain contracts related to the technology. In return, the Company agreed to pay Inovio $3,000,000 in scheduled payments and a royalty on commercial product sales related to the SECTA technology. The transaction closed on March 24, 2011. The Asset Purchase Agreement has been amended by the parties to modify the schedule of payments to Inovio (see Note 6).

In connection with the closing of the Asset Purchase Agreement, the Company entered into a cross-license agreement with Inovio. Under the terms of the agreement, the Company granted Inovio a fully paid-up, exclusive, worldwide license to certain of the acquired SECTA technology patents in the field of use of electroporation. No consideration was received by the Company, nor will Inovio be liable for future royalty fees related to this arrangement. Inovio also granted the Company a non-exclusive, worldwide license to certain non-SECTA technology patents held by it in consideration for the following: (a) a fee for any sublicense of the Inovio technology, not to exceed 10%; (b) a royalty on net sales of any business the Company develops with the Inovio technology, not to exceed 10%; and (c) payment to Inovio of any amount Inovio pays to one licensor of the Inovio technology that is a direct result of the license. In addition, the Company agreed not to transfer this non-exclusive license apart from the assigned intellectual property.

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ASC 805, *Business Combinations*, provides guidance on determining whether an acquired set of assets meets the definition of a business for accounting purposes. Under the framework, the acquired set of activities and assets have to be capable of being operated as a business, from the viewpoint of a market participant as defined in ASC 820, *Fair Value Measurements*. Two essential elements required for an integrated set of activities are inputs and outputs. The Company evaluated the Asset Purchase Agreement and in accordance with the guidance, determined it did not meet the definition of a business acquisition as the acquisition consisted solely of the SECTA technology and certain other tangible assets. The Company did not acquire the right to any employees previously involved with the technology, or research processes previously in place at Inovio. The Company has therefore accounted for the transaction as an asset acquisition.

The purchase price was allocated to the identified tangible and intangible assets acquired based on their relative fair values, which were derived from their individual estimated fair values of $38,000 and $3,000,000, respectively. Included in the estimated fair value of the intangible assets is the value associated with the engineering and quality documentation acquired, which was determined to have no stand-alone value apart from the patents. The relative fair value of the intangible assets of $2,962,000 was reduced by a discount of approximately $174,000 recorded for the acquisition obligation (see Note 6). The relative fair value of the tangible assets of $38,000 was expensed to research and development as of the acquisition date.

The following table summarizes the purchase price allocation for the assets acquired:

Intangible assets - patents	$	2,788,154
Tangible assets - machinery, property and inventory	$	38,000

Patents are stated net of accumulated amortization of approximately $1,626,000 and $929,000 as of July 31, 2013 and July 31, 2012, respectively. The patents are amortized on a straight-line basis over the estimated remaining useful lives of the assets, determined as four years from the date of acquisition. Amortization expense for the years ended July 31, 2013 and 2012 was approximately $697,000 and $682,000, respectively. At July 31, 2013, the weighted average remaining amortization period for all patents was approximately 1.67 years. Estimated amortization expense over the annual periods ended July 31, 2014 and 2015 is approximately $697,000 and $465,000, respectively.

In accordance with the provisions of the applicable authoritative guidance, the Company s long-lived assets and amortizable intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. The Company assesses the recoverability of such assets by determining whether their carrying value can be recovered through undiscounted future operating cash flows, including its estimates of revenue driven by assumed market segment share and estimated costs. If impairment is indicated, the Company measures the amount of such impairment by comparing the fair value to the carrying value. During the years ended July 31, 2013 and 2012, no impairment was recorded.

Note 6 Acquisition Obligation

On March 24, 2011, the Company recorded an acquisition obligation for amounts due to Inovio in accordance with the Asset Purchase Agreement (see Note 5). On September 28, 2011, the Company entered into a First Amendment to Asset Purchase Agreement (the First Amendment). The First Amendment modified the payment of $750,000 due to Inovio by September 24, 2011, requiring the Company to make a payment of $100,000 to Inovio on September 30, 2011, with the remaining $650,000 to be paid to Inovio at the earlier of: (a) 30 days following the receipt by the Company of aggregate net proceeds of more than $5,000,000 from one or more financings occurring on or after September 30,

2011, or (b) March 31, 2012. On March 24, 2012, the Company entered into a Second Amendment to Asset Purchase Agreement (the Second Amendment). The Second Amendment further modified the payment terms for the $1,150,000 scheduled payments due to Inovio in March 2012 by requiring the Company to make a payment of $150,000 on March 31, 2012, with the remaining $1,000,000 to be paid to Inovio on December 31, 2013. In consideration for the First Amendment, the Company issued to Inovio a warrant to purchase 1,000,000 shares of common stock (see Note 8). In consideration for the Second Amendment, the Company issued to Inovio a warrant to purchase 3,000,000 shares of common stock (see Note 8).

In accordance with ASC 835-30 Interest on Receivables and Payables , the future payments under the acquisition obligation were discounted using the incremental borrowing rate of 5.00%, to arrive at an initial imputed interest discount on the obligation as of the acquisition date of approximately $174,000. The imputed interest discount was recorded as a reduction to the relative fair value of the intangible assets acquired (see Note 5). The discount was revised as of the date of the First and Second Amendments to arrive at a revised imputed interest discount on the obligation of approximately $132,000 as of September 28, 2011 and $145,000 as of March 24, 2012. The increase in imputed interest as of the date of the Second Amendment was primarily due to the extended payment terms. Non-cash interest expense recognized during the years ended July 31, 2013 and 2012 was approximately $83,000 and $152,000, respectively. As of July 31, 2013, the outstanding acquisition obligation was reduced by a short-term imputed interest discount of approximately $21,000.

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The Company evaluated both amendments in accordance with ASC 470-50. The Company determined the modification of the terms upon entry into the First Amendment to the Asset Purchase Agreement on September 28, 2011, was not considered substantial as of that date. In accordance with the guidance, the fair value of the warrants issued to Inovio as consideration for the First Amendment were recorded as a discount to the acquisition obligation to be amortized to interest expense over the remaining term of the modified obligation payable, starting September 28, 2011. On March 24, 2012, the Company entered into the Second Amendment. In accordance with the guidance, the Company evaluated the cumulative impact of both amendments and determined the modification of the terms of the Asset Purchase Agreement as a result of the Second Amendment was considered substantial. The Company recorded the difference between the re-acquisition price and carrying value of the debt as of the modification date of March 24, 2012 as a loss on debt extinguishment of $761,492. The loss on debt extinguishment recorded resulted in the write-off of the unamortized portion of the discount to the debt obligation initially recorded upon entry into the First Amendment in the amount of approximately $113,000 as of March 24, 2012. As of March 24, 2012, the acquisition obligation s fair value was $2,504,178. During the year ended July 31, 2012, approximately $115,000 was recognized as non-cash interest expense for amortization of the discount to the acquisition obligation.

The scheduled payments for the $3,000,000 obligation under this arrangement, as amended, are as follows:

- $ 250,000 - Upon the closing of the Asset Purchase Agreement
- $ 100,000 - September 30, 2011
- $ 150,000 - March 31, 2012
- $ 500,000 - September 24, 2012
- $ 1,000,000 - March 31, 2013
- $ 1,000,000 - December 31, 2013

On March 24, 2011, September 30, 2011, March 30, 2012 and September 24, 2012, the Company made payments of $250,000, $100,000, $150,000 and $500,000, respectively, to Inovio. On May 15, 2013, the Company made the March 31, 2013 payment of $1,000,000 to Inovio, which payment did not constitute a default under the Asset Purchase Agreement.

Note 7 Private Placements and Public Offerings

March 2011 Private Placement

On March 18, 2011, the Company closed a private placement whereby it issued 1,456,000 units at a purchase price of $0.75 per unit for gross proceeds of $1,092,000. Each unit consists of one share of common stock and one share purchase warrant entitling the holder to acquire one share of common stock at a price of $1.00 per share for a period of five years from the closing of the private placement. The fair value of the warrants, based on their fair value relative to the common stock issued, was $431,981 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 89.68%, and a risk-free interest rate of 2.11%). The warrants were exercisable as of March 18, 2011 and any unexercised warrants will expire on March 18, 2016. The Company completed an evaluation of the warrants issued in connection with

this private placement and determined the warrants should be classified as equity within the consolidated balance sheets as the instrument s settlement provisions were fixed-for-fixed.

June 2011 Private Placement

On June 24, 2011, the Company closed a private placement whereby it issued an aggregate of 4,000,000 shares of the Company s common stock at a purchase price of $0.75 per share, and three series of warrants, the Series A Warrants, the Series B Warrants and the Series C Warrants, to purchase an aggregate of 12,000,000 shares of the Company s common stock, for proceeds to the Company of $3.0 million (the June 2011 Private Placement). After deducting for fees and expenses, the aggregate net proceeds from the sale of the common stock and the warrants in the June Private Placement were approximately $2.79 million.

Pursuant to the terms of the Securities Purchase Agreement, each investor was issued a Series A Warrant, a Series B Warrant and a Series C Warrant, each to purchase up to a number of shares of the Company s common stock equal to 100% of the shares issued to such investor. The Series A Warrants have an exercise price of $1.20 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years. The Series B Warrants have an exercise price of $0.75 per share, are exercisable immediately upon issuance and expire on February 21, 2012. The Series C Warrants have an exercise price of $1.20 per share, vest and are exercisable ratably commencing on the exercise of the Series B Warrants held by each investor and have a term of exercise equal to five years. The Series C Warrants also expire if the Series B Warrants expire unexercised. On February 21, 2012, the Series B and Series C Warrants expired unexercised.

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On June 24, 2011, in connection with the closing of the June 2011 Private Placement, the Company and the Purchasers entered into a registration rights agreement pursuant to which the Company is required to file a registration statement within 30 days following such closing to register the resale of the common stock and the common stock underlying the warrants issued in the June 2011 Private Placement. The failure on the part of the Company to meet the filing deadlines and other requirements set forth in the registration rights agreement may subject the Company to payment of certain monetary penalties, up to a maximum of 9% of the aggregate proceeds of the June 2011 Private Placement. As of July 31, 2013 the Company was in compliance with the requirements set forth in the registration rights agreement.

In addition, pursuant to the terms of a placement agent agreement entered into with the lead placement agent on June 1, 2011 and amended on June 21, 2011, the Company agreed to pay the lead placement agent and the co-placement agent fees equal to 6% of the aggregate gross proceeds raised in the private placement of $180,000 and reimbursement to the lead placement agent for certain expenses in the amount of $30,000. The total cash fees of $210,000 paid to the placement agents were recorded as a period expense as of the closing date. In connection with the agreement, the Company also issued to the placement agents Series A Warrants to purchase 6% of the aggregate common stock issued in the June 2011 Private Placement, or 240,000 shares of common stock.

Allocation of Proceeds

At the closing date of the June 2011 Private Placement, the estimated fair value of the Series A and Series C Warrants exceeded the proceeds from the June 2011 Private Placement of $3,000,000 (see the valuations of these derivative liabilities under the heading, Derivative Liabilities below). As a result, all of the proceeds were allocated to these derivative liabilities and no proceeds remained for allocation to the common stock and Series B Warrants issued in the financing.

Common Stock

At the closing date of the June 2011 Private Placement, the Company issued 4,000,000 shares of unregistered common stock and recorded the par value of the shares issued of $400 (at par value of $0.0001 per share) with a corresponding reduction to paid-in capital, given that there was no allocated value from the proceeds to the common stock.

Derivative Liabilities

The Company accounted for the Series A and C Warrants in accordance with accounting guidance for derivatives. The accounting guidance provides a two-step model to be applied in determining whether a financial instrument is indexed to an entity s own stock that would qualify such financial instruments for a scope exception. This scope exception specifies that a contract that would otherwise meet the definition of a derivative financial instrument would not be considered as such if the contract is both (i) indexed to the entity s own stock and (ii) classified in the stockholders equity section of the balance sheet. The Company determined that its Series A and Series C Warrants were ineligible for equity classification as a result of the anti-dilution provisions in the Series A and Series C Warrants that may result in an adjustment to the warrant exercise price.

On the closing date of the June 2011 Private Placement, the derivative liabilities were recorded at an estimated fair value of $3,808,590. Given that the fair value of the derivative liabilities exceeded the total proceeds of the private placement of $3,000,000, no net amounts were allocated to the common stock. The $808,590 amount by which the recorded liabilities exceeded the proceeds was charged to other expense at the closing date. The Company revalued the derivative liability as of each subsequent balance sheet date, with any changes in the fair value between reporting periods recorded as other income or expense.

On March 28, 2012, the anti-dilution provisions of the Series A Warrants were triggered upon the closing of the Company s March 2012 registered public offering, which resulted in the reset of the exercise price of the Series A Warrants to the base floor price of $0.50. The fair value of the derivative liabilities as of March 28, 2012 was $657,604. The reset of the exercise price to the base floor price caused the anti-dilution provisions to become void as of March 28, 2012 and for future periods. As a result, on March 28, 2012, the Series A Warrants were reclassified as equity within the Company s consolidated financial statements, at a fair value of $657,604.

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The change in the estimated fair value of the Series A and C Warrants during the year ended July 31, 2012, resulted in other income of $4,192,781. Such change in the estimated fair value was primarily due to the fluctuation in the Company s common stock price and updates to the assumptions used in the option pricing models.

The derivative liabilities were valued as of March 28, 2012, using a Monte Carlo valuation model with the following assumptions:

	March 28, 2012
Closing price per share of common stock	0.22
Exercise price per share	0.50
Expected volatility	125.0%
Risk-free interest rate	1.05%
Dividend yield	
Floor price	0.50
Remaining expected term of underlying securities (years)	4.24

In addition, as of the valuation date, management assessed the probabilities of future financings assumptions in the Monte Carlo valuation models.

March 2012 Public Offering

On March 28, 2012, the Company closed a registered public offering of an aggregate of 31,000,000 shares of the Company s common stock and warrants to purchase an aggregate of 31,000,000 shares of common stock for gross proceeds to the Company of $7.75 million (the March 2012 Public Offering). On March 23, 2012, the Company entered into a Securities Purchase Agreement (the Securities Purchase Agreement) for the issuance and sale by the Company of the common stock and warrants in the March 2012 Public Offering. After deducting for fees and expenses, the aggregate net proceeds from the March 2012 Public Offering were approximately $7.2 million.

Pursuant to the terms of the Securities Purchase Agreement, at the closing each purchaser was issued a warrant to purchase up to a number of shares of the Company s common stock equal to 100% of the shares issued to such purchaser in the offering. The warrants have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance of the warrants, or March 28, 2017.

Pursuant to a Placement Agent Agreement dated January 23, 2012 by and between the Company and Rodman & Renshaw, LLC (Rodman), as subsequently amended on March 12, 2012 (as amended, the Placement Agent Agreement), Rodman agreed to act as the Company s placement agent in connection with the offering. Under the Placement Agent Agreement, the Company agreed to pay Rodman a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds of the offering. In addition, the Company agreed to issue to the placement agent warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or warrants to purchase 1,550,000 shares of the Company s common stock (the Placement Agent Warrants). As permitted under the Placement Agent Agreement, the Company elected to pay 30% of the 5% Placement Agent Warrants directly to Roth Capital Partners, LLC (Roth), who acted as financial advisors in the offering, and as a result issued to Rodman a Placement Agent Warrant to purchase 1,085,000 shares of common stock and issued to Roth a Placement Agent Warrant to purchase 465,000 shares of common

stock. The Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and shall expire on March 23, 2017. The fair value of the Placement Agent Warrants was $276,980 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 125.0%, and a risk-free interest rate of 1.05%), and was recorded as an offering cost. The Placement Agent Warrants and the shares of the Company s common stock underlying the Placement Agent Warrants have not been registered under the Securities Act of 1933, as amended (the Securities Act).

The fair value of the warrants issued in connection with the March 2012 Public Offering to the purchasers, based on their fair value relative to the common stock issued, was $3,206,486 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 125.0%, and a risk-free interest rate of 1.05%). The Company completed an evaluation of all of the warrants issued in connection with this offering and determined the warrants should be classified as equity within the consolidated balance sheet.

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December 2012 Public Offering

On December 17, 2012, the Company closed a registered public offering of an aggregate of 28,800,000 shares of the Company s common stock and warrants to purchase an aggregate of 14,400,000 shares of common stock for gross proceeds to the Company of $7.2 million (the December 2012 Public Offering). On December 12, 2012, the Company entered into a Securities Purchase Agreement (the Securities Purchase Agreement) for the issuance and sale by the Company of the common stock and warrants in the December 2012 Public Offering. After deducting for fees and expenses, the aggregate net proceeds from the sale of the common stock and the warrants in the December 2012 Public Offering were approximately $6.7 million.

Pursuant to the terms of the Securities Purchase Agreement, at the closing each purchaser was issued a warrant to purchase up to a number of shares of the Company s common stock equal to 50% of the shares issued to such purchaser in the offering. The warrants have an exercise price of $0.26 per share, are exercisable immediately upon issuance and have a term of exercise equal to four years from the date of issuance of the warrants, or December 17, 2016.

Pursuant to a Placement Agent Agreement dated November 16, 2012 by and between the Company and Dawson James Securities, Inc. (Dawson), Dawson agreed to act as the Company s placement agent in connection with the offering. Under the Placement Agent Agreement, the Company agreed to pay Dawson a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds of the offering. In addition, the Company agreed to issue to the placement agent warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or warrants to purchase 1,440,000 shares of the Company s common stock (the Placement Agent Warrants). As permitted under the Placement Agent Agreement, the Company elected to pay 50% of the 5% Placement Agent Warrants directly to Noble International Investments, Inc. and Burrill LLC (Noble and Burrill , respectively), who acted as financial advisors in the offering, and as a result issued to Dawson a Placement Agent Warrant to purchase 720,000 shares of common stock, and issued to Noble and Burrill Placement Agent Warrants to purchase 360,000 shares of common stock each. The Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and shall expire on December 11, 2017. The fair value of the Placement Agent Warrants was $228,240 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 98.09%, and a risk-free interest rate of 0.74%), and was recorded as an offering cost. The Placement Agent Warrants and the shares of the Company s common stock underlying the Placement Agent Warrants have not been registered under the Securities Act.

The fair value of the warrants issued in connection with the December 2012 Public Offering to the purchasers, based on their fair value relative to the common stock issued, was $2,151,360 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 96.66%, and a risk-free interest rate of 0.56%). The Company completed an evaluation of all of the warrants issued in connection with this offering and determined the warrants should be classified as equity within the consolidated balance sheets.

Note 8 Other Equity and Common Stock Transactions

On March 1, 2011, the Company effected a 32 for one forward stock split of its authorized, issued and outstanding common stock. As a result, its authorized capital increased from 100,000,000 shares of common stock at $0.001 par value to 3,200,000,000 shares of common stock at $0.0001 par value, and its outstanding common stock has increased from 2,140,000 shares of common stock to 68,480,000 shares of common stock as of that date. The accompanying consolidated financial statements for the annual prior periods presented have been retroactively adjusted to reflect the effects of the forward stock split.

On March 22, 2011, 17,280,000 shares of common stock held by previous majority stockholders were returned to the Company for no consideration. The shares were not retired and are available for future issuance.

On May 9, 2011, the Board of Directors authorized the issuance of 200,000 fully vested shares of the Company s common stock to a consultant in exchange for advisory services. The shares were valued at $332,000, based on the closing price of the Company s common stock on the date of issuance, and are amortized over the service period of twelve months.

On September 28, 2011, in consideration for the First Amendment entered into with Inovio, the Company issued to Inovio a warrant to purchase 1,000,000 shares of the Company s common stock (see Note 6). The warrant has an exercise price of $1.20 per share, is exercisable immediately upon issuance and has an exercise term of five years. The warrant also contains a mandatory exercise provision allowing the Company to request the exercise of the warrant in whole provided that the Company s Daily Market Price (as defined in the warrant) is equal to or greater than $2.40 for twenty consecutive trading days. The Company completed an evaluation of the warrant issued in connection with this private placement and determined

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the warrants should be classified as equity within the consolidated balance sheet. The fair value of the warrant was $228,509 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 87.62%, and a risk-free interest rate of 0.96%). In accordance with the guidance, the fair value of the warrant was recorded as a discount to the acquisition obligation and amortized to interest expense over the remaining term of the modified obligation payable (see Note 6).

On March 24, 2012, in consideration for the Second Amendment entered into with Inovio, the Company issued to Inovio a warrant to purchase 3,000,000 shares of the Company s common stock (see Note 6). The warrant has an exercise price of $1.00 per share, is exercisable immediately upon issuance and has an exercise term of five years. The warrant also contains a mandatory exercise provision allowing the Company to request the exercise of the warrant in whole provided that the Company s Daily Market Price (as defined in the warrant) is equal to or greater than $2.40 for twenty consecutive trading days. The Company completed an evaluation of the warrant issued in connection with this private placement and determined the warrants should be classified as equity within the consolidated balance sheet. The fair value of the warrant was $729,602 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 125.0%, and a risk-free interest rate of 1.04%). In accordance with the applicable guidance, the fair value of the warrant was recorded as part of the loss on debt extinguishment as of the issuance date (see Note 6).

On December 18, 2012, the Board of Directors authorized the issuance of 150,000 fully vested shares of the Company s common stock to the University of South Florida Research Foundation in connection with an agreement to license certain intellectual property to the Company entered into on August 24, 2012. The shares were valued at $34,500, based on the closing price of the Company s common stock on the date of issuance. The shares have not been registered under the Securities Act and were issued in reliance on an exemption from the registration requirements of the Securities Act afforded by Section 4(2) thereof. The Company is responsible for payments upon the achievement of specified milestones and royalty payments at specified percentages of net sales of licensed products and processes, as defined, upon commercialization of stipulated licensed products or processes. The first payment will be for $50,000 upon the start of a future Phase II clinical trial for specific indications, $100,000 upon the start of a specified future Phase III clinical trial and $250,000 upon FDA approval under certain conditions. The Company also agreed to pay for certain patent prosecution and filing fees.

At July 31, 2013, the Company had outstanding warrants to purchase 57,644,276 shares of common stock, with exercise prices ranging from $0.26 to $1.20, all of which were classified as equity instruments. These warrants expire at various times between March 2016 and December 2017.

The Company has not adopted any policy regarding payment of dividends. No dividends have been paid during the periods presented.

Note 9 Stock-Based Compensation

In May 2011, the Company s Board of Directors adopted the OncoSec Medical Incorporated 2011 Stock Incentive Plan (the 2011 Plan). The 2011 Plan was approved by the Company s stockholders in March 2012 and originally authorized the Board of Directors to grant equity awards to employees, directors, and consultants for up to 5,200,000 shares of common stock. On April 15, 2013, the Company s stockholders approved an amendment to the 2011 Plan to authorize the issuance of an additional 3,800,000 shares of common stock under the 2011 Plan, increasing the total number of shares reserved for issuance under the 2011 Plan to 9,000,000 shares. Incentive stock options are to be granted at a price that is no less than 100% of the fair value of the stock at the date of grant. Options vest over a period specified in individual option agreements entered into with grantees, and are exercisable for a maximum period of ten years after the date of grant. Options granted to stockholders who own more than 10% of the outstanding stock of the Company at the time of grant must be issued at an exercise price no less than 110% of the fair value of the stock on the date of grant.

During the year ended July 31, 2013, the Company granted options to purchase 685,000 and 300,000 shares of the Company s common stock to employees and directors, respectively, under the 2011 Plan. The options issued to employees have a ten-year term, vest over a range of two to three years and have exercise prices ranging from $0.20 to $0.42. The options issued to directors have a ten-year term, vest quarterly in equal increments over one year and have an exercise price of $0.25. During the year ended July 31, 2013, the Company also granted options to purchase 2,030,000 shares of the Company s common stock to consultants under the 2011 Plan. The options issued to consultants have three to ten year terms, vest in accordance with the terms of the applicable consulting agreement, and have exercise prices ranging from $0.18 to $0.35.

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During the year ended July 31, 2012, the Company granted options to purchase 1,300,000 and 400,000 shares of the Company s common stock to employees and directors, respectively, under the 2011 Plan. The options issued to employees have a ten-year term, vest over two years and have exercise prices ranging from $0.21 to $0.40. The options issued to directors have a ten-year term, vest quarterly in equal increments over one year and have exercise prices ranging from $0.21 to $0.40. During the year ended July 31, 2012, the Company also granted options to purchase 1,560,000 shares of the Company s common stock to consultants under the 2011 Plan. The options issued to consultants have three to ten year terms, vest in accordance with the terms of the applicable consulting agreement, and have exercise prices ranging from $0.18 to $0.39.

The Company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period, with the exception of options granted subject to a consulting agreement, whereby the option vesting period and the service period are defined pursuant to the terms of the consulting agreement. Share-based compensation expense for awards granted during the years ended July 31, 2013 and 2012, were based on the grant date fair value estimated using the Black-Scholes Option Pricing Model.

The following assumptions were used to calculate the fair value of share-based compensation during the years ended:

	July 31, 2013	July 31, 2012
Expected volatility	80.32% - 97.85%	85.96 - 125.00%
Risk-free interest rate	0.31% - 1.97%	0.35% - 2.08%
Expected forfeiture rate	0.00%	0.00%
Expected dividend yield		
Expected term	3 - 10 years	3 - 10 years

Expected price volatility is the measure by which the Company s stock price is expected to fluctuate during the expected term of an option. The Company exited shell status on March 24, 2011. In situations where a newly public entity has limited historical data on the price of its publicly traded shares and no other traded financial instruments, authoritative guidance is provided on estimating this assumption by basing its expected volatility on the historical, expected, or implied volatility of similar entities whose share option prices are publicly available. In making the determination as to similarity, the guidance recommends the consideration of industry, stage of life cycle, size and financial leverage of such other entities. The Company s expected volatility is derived from the historical daily change in the market price of its common stock since it exited shell status, as well as the historical daily changes in the market price for the peer group as determined by the Company.

The expected term of the options represents the period that stock-based awards are expected to be outstanding based on the simplified method provided in ASC Topic 718, which averages an award s weighted-average vesting period and contractual term for share options and warrants. The Company will continue to use the simplified method until it has the historical data necessary to provide a reasonable estimate of expected life in accordance with ASC Topic 718, as amended by SAB 110. For the expected term of options issued to employees and directors, the Company used the simplified method. The Company expects to continually evaluate its historical data as a basis for determining the expected terms of options granted under the 2011 Plan.

The Company s estimation of the expected term for stock options granted to parties other than employees or directors is the contractual term of the option award. For the purposes of estimating the fair value of stock option awards, the risk-free interest rate used in the Black-Scholes calculation is based on the prevailing U.S. Treasury yield. The Company has never paid any dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future.

Stock-based compensation expense recognized in the Company s consolidated statements of operations is based on awards ultimately expected to vest, reduced for estimated forfeitures. Authoritative guidance requires forfeitures to be estimated at the time of grant, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Due to the Company s minimal stock-based compensation activity, the Company has not had significant forfeitures of stock options granted to employees and directors. Therefore, the Company has estimated the forfeiture rate of its outstanding stock options as zero, but will continually evaluate its historical data as a basis for determining expected forfeitures.

Share-based compensation expense recorded in the Company s consolidated statements of operations for the years ended July 31, 2013 and 2012 resulting from share-based compensation awarded to the Company s employees, directors and consultants was approximately $452,000 and $333,000, respectively. Of these balances during the years ended July 31, 2013 and 2012, $41,000 and $89,000, respectively, was recorded to research and development, and $411,000 and $244,000, respectively, was recorded in general and administrative in the Company s consolidated statements of operations.

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A summary of the Company s stock option activity for the years ended July 31, 2013 and 2012, is as follows:

	Option Shares Outstanding	Weighted-Average Exercise Price	Aggregate Intrinsic Value ($000 s)
Balance at July 31, 2011		$	$
Granted	3,260,000	0.24	
Exercised			
Forfeited / Cancelled	(85,000)	0.40	
Balance at July 31, 2012	3,175,000	0.24	24
Granted	3,015,000	0.22	232
Exercised	(766,500)	0.18	52
Forfeited / Cancelled	(273,500)	0.33	9
Balance at July 31, 2013	5,150,000	$ 0.23	$ 372

Range of Exercise Prices	Number of Shares Outstanding	Weighted Average Contractual Life (in years)	Weighted Average Exercise Price	Number Of Shares Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 0.18 - 0.42	5,150,000	6.08	$ 0.25	3,387,700	5.58	$ 0.23

The weighted-average grant date fair value of stock options granted during the years ended July 31, 2013 and 2012 were $0.14 and $0.18, respectively. As of July 31, 2013, there was approximately $227,000 of unrecognized non-cash compensation cost related to unvested options, which will be recognized over a weighted average period of 1.28 years.

Note 10 Income Taxes

The FASB Topic on Income Taxes prescribes a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The Company has had no unrecognized tax benefits.

The Company s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had an accrual of $0 and $0 for interest or penalties on the Company s consolidated balance sheets at July 31, 2013 and July 31, 2012 respectively, and has recognized $0 and $0 of interest and/or penalties in the consolidated statements of operations for the years ended July 31, 2013 and 2012, respectively.

The Company is subject to taxation in the United States and California. The Company s tax years for 2008 and forward are subject to examination by the United States and California tax authorities due to the carry forward of unutilized net operating losses and research and development credits.

At July 31, 2013, the Company had federal and California income tax net operating loss carryforwards of approximately $11,989,000 and $11,832,000, respectively. In addition, the Company has federal and California research and development tax credit carryforwards of approximately $133,000 and $140,000, respectively. The Company also has California Hiring Credits of approximately $9,300. The federal net operating loss, research tax credit carryforwards and California net operating loss carryforwards will begin to expire in 2030 unless previously utilized. The California research and development credit carryforwards will carry forward indefinitely until utilized. The Company has not completed a study to assess whether an ownership change has occurred, as defined by IRC Section 382/383 or whether there have been multiple ownership changes since the Company s formation due to the complexity and cost associated with such a study, and the fact that there may be additional such ownership changes in the future. Based on a preliminary assessment, the Company believes that an ownership change occurred in 2011. The Company estimates that if such a change did occur, the federal and state net operating loss carry-forwards and research and development credits that can be utilized in the future will be significantly limited. There can be no assurance that the Company will ever be able to realize the benefit of some or all of the federal and state loss carryforwards or the credit carryforwards, either due to ongoing operating losses or due to ownership changes, which limit the usefulness of the loss carryforwards.

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Significant components of the Company s deferred tax assets as of July 31, 2013 and 2012 are listed below (in thousands):

	2013	2012
Net operating loss carryforwards	4,444,000	1,986,000
Credits	190,000	124,000
Start-up costs	67,000	72,000
Accumulated Depreciation	450,000	282,000
Other	253,000	129,000
Net deferred tax assets	5,404,000	2,593,000
Valuation allowance for deferred tax assets	(5,404,000)	(2,593,000)
Net deferred taxes	$	$

A valuation allowance of $5,404,000 and $2,593,000 at July 31, 2013 and 2012, respectively, has been recognized to offset the net deferred tax assets as realization of such assets is uncertain.

A reconciliation of incomes taxes using the statutory income tax rate, compared to the effective rate, is as follows:

	2013	2012
Federal tax benefit a the expected statutory rate	34.00%	34.00%
State income tax, net of federal tax benefit	(0.01)%	(0.07)%
Loss on extinguishment of debt	(0.00)%	(11.48)%
Adjustment to fair value of derivative liabilities	0.00%	63.20%
Non-deductible expenses	(0.08)%	(6.63)%
Change in valuation allowance	(33.93)%	(81.58)%
Other	0.00%	2.45%
Income tax benefit effective rate	(0.02)%	(0.11)%

Note 11 Commitments and Contingencies

In the ordinary course of business, the Company may become a party to lawsuits involving various matters. The Company is unaware of any such lawsuits presently pending against it which individually or in the aggregate, are deemed to be material to the Company s financial condition or results of operations.

On May 12, 2011, the Company entered into a one-year lease agreement for office space, with a base annual rent of $42,000. On June 1, 2012, the Company entered into an amendment to its lease agreement. The lease amendment extended the lease term for a period of seven months commencing on June 1, 2012, through December 31, 2012. The amendment also increased the base monthly rent to approximately $10,000. On December 18, 2012, the Company entered into a second amendment to its lease agreement. The second amendment extended the lease term for a period of six months commencing on January 1, 2013 through June 30, 2013, with no changes to remaining terms of the lease.

On May 31, 2013, the Company entered into a thirty-eight month lease agreement for new office space, commencing on July 1, 2013. The initial base monthly rent is approximately $8,000, with scheduled annual increases of 3%. Under the terms of the lease agreement, the Company received a tenant improvement allowance of approximately $60,000, which was classified as deferred rent and is being amortized on a straight-line basis over the term of the lease as a reduction to rent expense. Tenant improvements associated with the lease agreement are recorded as an addition to leasehold improvements and are being amortized over the shorter of the estimated useful life of the improvement or the remaining life of the lease.

At July 31, 2013, future minimum lease payments under the non-cancelable operating leases are as follows:

Year Ended July 31,		**Operating Lease**
2014	$	86,390
2015		100,860
2016		103,891
2017		8,895
Total minimum payments	$	300,036

On May 18, 2011, the Company entered into Employment Agreements with a term of five years with each of its President and Chief Executive Officer, its Chief Business Officer and its Chief Financial Officer, who was then our VP Finance and Controller, (the Officers Under the terms of the agreements, if any of the Officers are terminated other than for cause, death or disability, or if the case of termination of employment with the Company for good reason, the Officers are

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entitled to receive (i) severance payments equal to between six and twenty four months of the then-current annual base salary, (ii) a pro rata percentage of the annual bonus received the prior fiscal year and (iii) payment of health benefits for a period between six and twenty four months, conditioned on the execution of a release. In addition, in the event of a change in control of the Company, the agreements provide for the acceleration of vesting of any unvested stock options outstanding. Effective April 26, 2012, as a result of the termination of employment of the Company s Chief Business Officer and his execution of a release, the Company recorded a severance liability of $220,000 in accordance with the terms of the Employment Agreement and the separation release. On August 2, 2013, the Employment Agreement with the Company s Chief Financial Officer was amended to increase (i) the severance payment in the event of termination to equal 12 months instead of six months of the Chief Financial Officer s annual base salary at the time of the termination, and (ii) the period for which the Company will pay for applicable premium costs for continued group health plan coverage to 12 months instead of six months following the date of the termination, subject in each case to the terms of the Employment Agreement.

Effective May 15, 2012, the Company adopted a defined contribution savings plan pursuant to Section 401(k) of the Internal Revenue Code. The plan is for the benefit of all qualifying employees and permits voluntary contributions by employees up to 100% of eligible compensation, subject to the Internal Revenue Service imposed maximum limits. The terms of the plan allows for discretionary employer matching contributions. No employer matching contributions were made during the years ended July 31, 2013 and 2012.

Note 12 Related Party Transactions

The Company s Chairman of the Board of Directors is also a director and the Chairman (formerly Executive Chairman) of Inovio. The Company s Chairman abstained from all discussions and voting related to negotiations of the Asset Purchase Agreement disclosed in Note 5 and the amendments (and related warrants) disclosed in Notes 6 and 8, while performing his duties as Executive Chairman of Inovio.

Note 13 Subsequent Events

On September 18, 2013, the Company closed the September 2013 Public Offering and issued an aggregate of 47,792,000 shares of its common stock and warrants to purchase an aggregate of 23,896,000 shares of common stock for gross proceeds of approximately $11.95 million. The warrants have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to four years from the date of issuance of the warrants. After deducting for fees and expenses, the aggregate net proceeds to the Company from the sale of the common stock and the warrants in the September 2013 Public Offering were approximately $11.1 million.

In connection with the offering, the Company paid placement agent fees of (i) a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds and (ii) warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or 2,389,600 shares of our common stock (the September 2013 Placement Agent Warrants). The September 2013 Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and expire on September 13, 2018.

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ONCOSEC MEDICAL INCORPORATED

PROSPECTUS

Up to 8,440,000 shares of common stock, par value $0.0001 per share

December 10, 2013

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2,894

Development consulting services revenue increased $2.9 million, or 103.8%, to $5.7 million for the year ended December 31, 2011 as compared to the same period in 2010. Third-party development consulting revenue increased $1.6 million from the prior year due to more development activity on two active third-party development consulting projects. The Science + Technology Park at Johns Hopkins (see Note 2 to the accompanying consolidated financial statements) contributed $1.3 million of additional revenue. Due to the fact the Trust is guaranteeing the construction loan and extending a second mortgage to the development, all revenue on the project is being deferred in the accompanying consolidated financial statements until the second mortgage is repaid and the Trust no longer guarantees the debt. Since management considers these fees when assessing the performance of the segment, they are included in the segment financial statements above and deferred in the adjustments/eliminations column. If the construction loan and second mortgage had been repaid prior to December 31, 2011, the Trust would have recognized development services revenue net of costs of $1.7 million, guarantee fee revenue of $3.0 million and interest income of $1.9 million since the commencement of the project.

General and administrative expenses increased $0.1 million, or 3.9%, for the year ended December 31, 2011 compared to the same period in the prior year. This increase is primarily due to additional payroll costs related to the increased development activity. Internal development project costs related to the Science + Technology Park at Johns Hopkins discussed above are deferred in the accompanying consolidated financial statements until the revenue associated with this project is recognized. As such, these expenses are eliminated in the adjustments/eliminations column of the segment financial statements.

Management services

Total management services revenue increased $0.1 million, or 4.6%, for the year ended December 31, 2011 when compared to the prior year due to a net increase in fee revenue for existing contracts offset by the sale of the Fontainebleau collegiate housing community joint venture in in the third quarter of 2010.

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General and administrative costs for our management services segment decreased $0.6 million, or 17.4% for the year ended December 31, 2011 as compared to the same period in 2010, primarily due to a reduction in payroll and benefits. Excluding the impact of restructuring costs recorded in 2010, general and administrative expenses increased 4.5% over the prior year.

Other unallocated general and administrative expenses

For the year ended December 31, 2011, other unallocated general and administrative expenses decreased $0.7 million or 9.5% to $6.7 million compared to the prior year primarily due to $1.5 million in acquisition costs related to the purchase of The GrandMarc at The Corner (Charlottesville) in the fourth quarter of 2010 offset by $0.7 million in acquisition costs for the purchase of various collegiate housing communities incurred during 2011.

Depreciation and amortization

Depreciation and amortization increased $4.0 million, or 18.1%, during the year ended December 31, 2011 over the same period in the prior year. This increase relates primarily to the purchase of nine new properties discussed above.

Ground lease expense

For the year ended December 31, 2011, the cost of ground leases increased $4.0 million, compared to the same period in the prior year, due to the addition of The GrandMarc at The Corner (Charlottesville) in the fourth quarter of 2010. This community is subject to a 99-year ground lease with a fixed-floor annual rent increase. The Trust recognizes ground lease expense on a straight-line basis over the life of the lease.

Nonoperating expenses

For the year ended December 31, 2011, interest expense declined $1.5 million, or 7.8%, when compared to the same period in the prior year primarily due to the repayment of variable rate debt of $35.5 million that was outstanding under the Master Secured Credit Facility with proceeds from the sale of five collegiate housing communities (see Note 10 to the accompanying consolidated financial statements) and the sale of the interest rate cap associated with this variable rate debt in January of 2011. These decreases were offset by the loss on extinguishment of debt of $0.4 million incurred in the first quarter of 2011 (see Note 10 to the accompanying consolidated financial statements) and a decline in interest income of $0.2 million.

Equity in earnings of unconsolidated entities

Equity in earnings of unconsolidated entities represents our share of the net income or loss related to investments in unconsolidated entities that own collegiate housing communities. For the year ended December 31, 2011, equity in losses was $0.4 million compared to $0.3 million in the prior year.

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Liquidity and Capital Resources

Fourth Amended Revolver, Master Secured Credit Facility and other indebtedness

On January 14, 2013, the Operating Partnership entered into a Fourth Amended and Restated Credit Agreement (the "Fourth Amended Revolver"). The Fourth Amended Revolver amended and restated the existing unsecured revolving credit facility dated September 21, 2011. The previous facility (the "Third Amended Revolver") was unsecured, had a maximum availability of $175 million and was scheduled to mature on September 21, 2014. The Fourth Amended Revolver is unsecured, has a maximum availability of $375 million and within the first four years of the agreement may be expanded to $500 million upon satisfaction of certain conditions. The Fourth Amended Revolver matures on January 14, 2017, provided that the Operating Partnership may extend the maturity date for one year subject to certain conditions.

Availability under the Third Amended Revolver was limited to a "borrowing base availability" equal to the lesser of (i) 60% of the property asset value (as defined in the agreement) and (ii) the loan amount, which would produce a debt service coverage ratio of no less than 1.40. As of December 31, 2012, our borrowing base was $175.0 million, and we had $79.0 million outstanding under the Third Amended Revolver; thus, our remaining borrowing base availability was $96.0 million. During the year ended December 31, 2012, the Trust repaid $62.0 million outstanding under the Third Amended Revolver with proceeds from our August 2012 common stock offering discussed below. As of December 31, 2012, our borrowing base availability would have been $252.3 million considering the expansion under the Fourth Amended Revolver discussed above.

The Trust served as the guarantor for any funds borrowed by the Operating Partnership under the Third Amended Revolver. The interest rate per annum applicable to the Third Amended Revolver was, at the Operating Partnership's option, equal to a base rate or LIBOR plus an applicable margin based upon our leverage. As of December 31, 2012, the interest rate applicable to the Third Amended Revolver was 1.84%.

The Third Amended Revolver contained customary affirmative and negative covenants and contained financial covenants that, among other things, required the Trust and its subsidiaries to maintain certain minimum ratios of "EBITDA" (earnings before payment or charges of interest, taxes, depreciation, amortization or extraordinary items) as compared to interest expense and total fixed charges. The financial covenants also included consolidated net worth and leverage ratio tests, and the Trust was prohibited from making distributions in excess of 95% of FFO except to comply with the legal requirements to maintain its status as a REIT. As of December 31, 2012, the Trust was in compliance with all covenants of the Third Amended Revolver.

As of December 31, 2012, the Trust had outstanding mortgage and construction indebtedness of $395.8 million (excluding unamortized debt premium of $3.1 million). Of the total, $89.1 million and $36.3 million relates to construction and variable rate mortgage debt, respectively, that is described below, and $34.8 million pertains to outstanding mortgage debt that is secured by the underlying collegiate housing properties or leaseholds bearing interest at fixed rates ranging from 4.92% to 5.99%. The remaining $235.6 million of the outstanding mortgage indebtedness relates to the Fannie Mae master secured credit facility that the Trust entered into on December 31, 2008 and expanded on December 2, 2009 (the "Master Secured Credit Facility"), which bears interest at a weighted average fixed rate of 5.88%. During the year ended December 31, 2011, we repaid $35.5 million of variable rate debt that was outstanding under the Master Secured Credit Facility with proceeds from the sale of five collegiate housing communities (see Note 10 to the accompanying consolidated financial statements).

In December 2012, in connection with the acquisition of the Suites at Overton Park and the Centre at Overton Park collegiate housing communities, both adjacent to Texas Tech University in Lubbock, Texas, we assumed $25.1 million and $23.3 million of fixed rate mortgage debt, respectively. The loan for the Suites at Overton Park bears

interest at 4.2% and initially matures on April 1, 2016. The loan for the Centre at Overton Park bears interest at 5.6% and initially matures on January 1, 2017. If no event of default has occurred by the initial maturity dates we have the option to extend the maturity dates one year at a base rate plus a 2.5% margin. Principal and interest are paid on a monthly basis for both loans.

As of December 31, 2012, we had outstanding variable rate mortgage debt of $36.3 million that was assumed in connection with the acquisition of the GrandMarc at Westberry Place collegiate housing community located at Texas Christian University druing 2011. The interest rate per year applicable to the loan is equal to a base rate plus a 4.85% margin, in total not to exceed 7.5% per year, and principal and interest are paid on a monthly basis. The loan matures on January 1, 2020. As of December 31, 2012, the interest rate applicable to the loan was 4.95%.

As of December 31, 2012, we had borrowed $16.4 million on a construction loan related to the development of a wholly-owned collegiate housing community in Storrs, Connecticut (The Oaks on the Square). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.25% margin or LIBOR plus a 2.25% margin and is interest only

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through October 30, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.46%. On October 30, 2015, if certain conditions for extension are met, we have the option to extend the loan until October 31, 2016. On October 30, 2016, if certain conditions are met, we have the option to extend the loan until October 31, 2017. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed $32.7 million on a construction loan related to the development of a jointly owned collegiate housing community in Tuscaloosa, Alabama (East Edge). We are the majority owner and managing member of the joint venture and manage the community now that it is completed. The loan bears interest equal to LIBOR plus a 2.4% margin and is interest only through June 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.61%. On June 15, 2014, if the debt service ratio is not less than 1.15 to 1 and an extension fee of 12.5 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2015. On June 15, 2015, if the debt service ratio is not less than 1.25 to 1 and an extension fee of 12.5 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2016. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had $8.5 million outstanding on a construction loan related to the development of a wholly-owned collegiate housing community at Syracuse University (University Village Apartments on Colvin). The loan bears interest equal to LIBOR plus a 1.1% margin and was interest only through September 29, 2011. On September 29, 2011, the Trust extended the maturity date until September 29, 2013. Going forward, a debt service coverage ratio, calculated annually on a rolling 12-month basis, of not less than 1.25 to 1 must be maintained with principal and interest being repaid on a monthly basis. As of December 31, 2012, the interest rate applicable to the loan was 1.31%.

As of December 31, 2012, the Trust had $12.0 million outstanding on a construction loan related to the development of a second wholly-owned collegiate housing community at Syracuse University (Campus West). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 0.95% margin or LIBOR plus a 1.95% margin and is interest only through November 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.16%. Once the project is complete and the debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed $10.6 million on a construction loan related to the development of a jointly owned collegiate housing community near the University of Mississippi (The Retreat). The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.10% margin or LIBOR plus a 2.10% margin and is interest only through June 12, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.31%. Once the project is complete and a debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus a 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed $8.9 million on a construction loan related to the development of a jointly owned collegiate housing community near the Arizona State University-Downtown Phoenix campus. The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The loan bears interest equal to LIBOR plus a 2.25% margin and is interest only through March 20, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.50%. On March 20, 2015, if the debt service ratio is not less than 1.35 to 1 and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the

Trust may extend the loan until March 20, 2016. On March 20, 2016, if the debt service ratio is not less than 1.45 to 1 and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the Trust can extend the loan until March 20, 2017. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

During the year ended December 31, 2012, the Trust repaid in full $27.0 million of mortgage debt secured by the collegiate housing community referred to as The Lofts located near the University of Central Florida in Orlando, Florida. The debt had a fixed interest rate of 5.59% and was due to mature in May 2014. The Trust also repaid $10.2 million and $4.1 million on construction loans related to the development of a wholly-owned collegiate housing community near Southern Illinois University (The Reserve at Saluki Pointe-Carbondale). The loans bore interest equal to LIBOR plus 1.1% and 2.0% margins, respectively, and were due to mature on June 28, 2012. The mortgage debt and construction loans were repaid with proceeds from the Third Amended Revolver and cash on hand.

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During the year ended December 31, 2012, the Trust repaid in full $34.0 million of mortgage debt secured by the collegiate housing community referred to as Campus Lodge located near the University of Florida in Gainesville, Florida. The debt had a fixed interest rate of 6.97%, an effective interest rate of 5.48% and was due to mature in May 2012. The mortgage debt was repaid with cash on hand.

During the year ended December 31, 2011, the Trust repaid $18.8 million of mortgage debt bearing a fixed interest rate of 5.55% that was due to mature in March 2012 and was secured by the collegiate housing community referred to as NorthPointe in Tucson, Arizona. The mortgage debt was repaid with proceeds received in connection with the stock offering that was conducted in November 2011 (see Note 2 to the accompanying consolidated financial statements).

Liquidity outlook and capital requirements

During the year ended December 31, 2012, we generated $38.4 million of cash from operations, received proceeds of $220.4 million from equity offerings through a follow-on offering conducted in August 2012 and our at-the-market program, received proceeds of $67.3 million related to the sale of three collegiate housing communities, borrowed $119.6 million on mortgage and construction loans and borrowed a net $79.0 million on our unsecured revolving credit facility. When combined with $75.8 million of existing cash, we were able to invest $22.6 million of capital into existing communities, acquire seven communities for an aggregate of $284.8 million, invest $11.8 million in joint ventures, repay $79.2 million of mortgage and construction debt, make a $3.0 million mezzanine loan to acquire a purchase option to acquire a property, invest $145.0 million in assets under development and distribute $34.0 million to our stockholders and unitholders in order to end the year with approximately $17.0 million in cash.

Our current liquidity needs include funds for distributions to our stockholders and unitholders, including those required to maintain our REIT status and satisfy our current annual distribution target of $0.40 per share/unit, funds for capital expenditures, funds for debt repayment and, potentially, funds for new property acquisition and development. We generally expect to meet our short-term liquidity requirements through cash provided by operations, debt refinancing, existing cash, recycling through potential asset sales and raising additional equity capital. We believe that these sources of capital will be sufficient to provide for our short-term capital needs.

Distributions for the year ended December 31, 2012 totaled $34.0 million, or $0.34, per weighted average share/unit, compared to cash provided by operations of $38.4 million, or $0.37, per weighted average share/unit.

Based on our closing share price of $10.64 on December 31, 2012, our total enterprise value was $1.7 billion. With net debt (total debt less cash) of $457.7 million as of December 31, 2012, our debt to enterprise value was 27.4% compared to 22.9% as of December 31, 2011. With gross assets of $1.5 billion, which excludes accumulated depreciation of $175.3 million, our debt to gross assets ratio was 31.7% as of December 31, 2012 as compared to 31.3% as of December 31, 2011.

Management believes that it has strengthened the Trust’s balance sheet through the follow-on equity offerings in August of 2012 and January and November of 2011, selling 17.3 million shares, 13.2 million shares and 14.4 million shares, respectively, all including the underwriters’ overallotment option to purchase additional shares, for net proceeds of $180.9 million, $91.7 million and $124.4 million, respectively. A portion of the net proceeds was used to repay approximately $117.1 million of debt with the remaining proceeds used to fund the Trust’s current developments and acquisitions, fund future acquisitions and developments and for general corporate purposes.

As discussed in Note 2 to the accompanying consolidated financial statements, we implemented an at-the-market equity distribution program during the second quarter of 2010. As of December 31, 2011, the Trust had sold 5.9 million shares of common stock under the agreements for net proceeds of $49.3 million and reached the aggregate offering amount of $50.0 million. On September 20, 2011, the Trust entered into the 2011 equity distribution

agreement. Similar to the 2010 equity distribution agreements, the Trust may issue and sell shares of its common stock having an aggregate offering amount of up to $50.0 million. As of December 31, 2012, the Trust had sold 4.8 million shares of common stock under the 2011 equity distribution program for net proceeds of approximately $49.2 million and reached the aggregate offering amount of $50.0 million. The Trust used the net proceeds to repay debt, fund its development pipeline, fund potential future acquisitions and for general corporate purposes. On May 22, 2012, the Trust entered into two additional equity distribution agreements similar to the previous agreements discussed above. Under the 2012 agreements the Trust may issue and sell shares of its common stock having an aggregate offering amount of $50 million. As of December 31, 2012, the Trust had sold $0.1 million shares of common stock under the 2012 agreements for net proceeds of approximately $1.1 million.

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An additional source of capital, subject to appropriate market conditions, is the targeted disposition of non-strategic properties. We continually assess all of our communities, the markets in which they are located and the colleges and universities they serve, to determine if any dispositions are necessary or appropriate. The net proceeds from the sale of any asset would provide additional capital that would most likely be used to pay down debt and possibly finance acquisition/development growth or other operational needs.

The Trust completed the sale of five communities in January 2011 (see Note 5 to the accompanying consolidated financial statements). These transactions culminated a significant repositioning of the Trust's portfolio that began in the fourth quarter of 2010. The five communities had over 1,900 beds and were at mostly smaller universities with limited barriers to entry. With a total sales price of approximately $46.1 million, the dispositions reduced outstanding debt by $16.1 million and provided net cash proceeds, after costs, of approximately $29.7 million.

In the second quarter of 2011, we completed the sale of two non-core assets, Collegiate Village, serving Macon State University, and Clayton Station, serving Clayton State University, for an aggregate sale price of $28.0 million (see Note 5 to the accompanying consolidated financial statements). The net proceeds of approximately $27.8 million were used to fund development and acquisition activity and for general working capital purposes.

In the third quarter of 2012, we completed the sale of NorthPointe, located in Tucson, Arizona, and The Reserve on Frankford, located in Lubbock, Texas, for an aggregate sales price of $44.0 million. In the fourth quarter of 2012, we completed the sale of Star Pass, also located in Tucson, Arizona for an aggregate sales price of $25.5 million (see Note 5 to the accompanying consolidated financial statements). The net proceeds of approximately $67.2 million were used to fund development and acquisition activity and for general working capital purposes.

We intend to invest in additional communities only as suitable opportunities arise. We also plan to develop communities for our ownership and management. In the short term, we intend to fund any acquisitions or developments with working capital, borrowings under first mortgage property secured debt, construction loans or borrowings under our Fourth Amended Revolver. We intend to finance property acquisitions and development projects over the longer term with cash from operations, the proceeds from potential asset sales, additional issuances of common or preferred stock, private capital in the form of joint ventures, debt financing and issuances of Operating Partnership Units. There can be no assurance, however, that such funding will be obtained on reasonable terms, or at all, particularly in light of current capital market conditions.

During 2011, we completed eight collegiate housing community acquisitions (see Note 4 to the accompanying consolidated financial statements) for approximately $193.4 million after acquisition costs. The Trust funded these acquisitions with assumed debt of $36.9 million and existing cash, including cash proceeds generated by the January and November 2011 common stock offerings and sales of collegiate housing communities as discussed above.

We have eleven active development projects that we are developing for our ownership with our share of aggregate development costs of $343.8 million. Through December 31, 2012, $186.7 million of the anticipated costs had been incurred and funded.

In January 2012, we completed the purchase of The Reserve on Stinson, near the University of Oklahoma in Norman, Oklahoma for a purchase price of $22.9 million. We previously owned a 10% equity interest in the community and managed the property prior to the acquisition. The Reserve on Stinson has 612 beds and is less than a half-mile from campus.

In the third quarter of 2012 we completed the purchase of The Province, near East Carolina University in Greenville, North Carolina for a purchase price of $50.0 million. In the fourth quarter of 2012 we completed the purchase of The District on 5th serving the University of Arizona, Campus Village serving Michigan State University, The Province at

Kent State serving Kent State University and The Suites at Overton Park and The Centre at Overton Park both serving Texas Tech University for a combined purchase price of $206.3 million and a total 2,581 beds (see Note 4 to the accompanying consolidated financial statements). The Trust funded these acquisitions with assumed debt of $48.5 million and existing cash, including cash proceeds generated by the August 2012 common stock offering (see Notes 2 and 10 to the accompanying consolidated financial statements) and sales of collegiate housing communities as discussed above.

On September 7, 2012, the Trust filed an automatic shelf registration statement, which permits us to issue an unlimited number of securities, including equity or debt securities, from time to time in one or more transactions, depending on market conditions and terms. The registration statement was automatically effective on September 7, 2012.

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Predevelopment expenditures

Our third-party development consulting activities have historically required us to fund predevelopment expenditures such as architectural fees, permits and deposits. Because the closing of a development project's financing is often subject to third-party delay, we cannot always predict accurately the liquidity needs of these activities. We frequently incur these predevelopment expenditures before a financing commitment has been obtained and, accordingly, bear the risk of the loss of these predevelopment expenditures if financing cannot ultimately be arranged on acceptable terms. However, we typically obtain a guarantee of repayment of these predevelopment expenditures from the project owner, but no assurance can be given that we would be successful in collecting the amount guaranteed in the event that project financing is not obtained. When we develop projects for ownership, as opposed to our third-party development services, the Trust bears all exposure to risks and capital requirements for these developments.

Long-term liquidity requirements

Our long-term liquidity requirements consist primarily of funds necessary for scheduled debt maturities, renovations and other non-recurring capital expenditures that are needed periodically for our communities. We expect to meet these needs through existing working capital, cash provided by operations, additional borrowings under our Fourth Amended Revolver, net proceeds from potential asset sales, the issuance of equity instruments, including common or preferred stock, Operating Partnership Units or additional debt, if market conditions permit. We believe these sources of capital will be sufficient to provide for our long-term capital needs. Market conditions, however, may make additional capital more expensive for us. There can be no assurance that we will be able to obtain additional financing under satisfactory conditions, or at all, or that we will make any investments in additional communities. Our Fourth Amended Revolver is a material source to satisfy our long-term liquidity requirements. As such, compliance with the financial and operating debt covenants is material to our liquidity. As of December 31, 2012, we were in compliance with all covenants related to our Third Amended Revolver.

Capital expenditures

The historical recurring capital expenditures, excluding discontinued operations, at our wholly-owned communities are set forth as follows:

	As of and for the Years Ended December 31,		
	2012	2011	2010
Total units	5,608	5,264	5,264
Total beds	17,854	16,541	16,540
Total recurring capital expenditures (in thousands)	$4,824	$4,390	$4,123
Average per unit	$763.95	$834.03	$783.28
Average per bed	$270.20	$265.42	$249.28

Recurring capital expenditures exclude capital spending on renovations, community repositioning or other major periodic projects. Capital expenditures associated with newly developed communities are typically capitalized as part of their development costs. As a result, such communities typically require little to no recurring capital expenditures until their second year of operation or later.

Additionally, we are required by certain of our lenders to contribute contractual amounts annually to reserves for capital repairs and improvements at the mortgaged communities.

These contributions are typically less than, but could exceed, the amount of capital expenditures actually incurred during any given year at such communities.

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Commitments

The following table summarizes our contractual obligations as of December 31, 2012 (amounts in thousands):

	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 Years	Total
Contractual Obligations:					
Long-Term Debt Obligations(1)	$37,919	$120,251	$131,486	$106,122	$395,778
Contractual Interest Obligations(2)	18,179	28,840	18,786	10,650	76,455
Operating Lease and Future Purchase Obligations(3)	12,387	19,014	14,992	503,015	549,408
Capital Reserve Obligations(4)	1,234	2,119	1,250	894	5,497
Total	$69,719	$170,224	$166,514	$620,681	$1,027,138

(1) Includes required monthly principal amortization and amounts due at maturity on first mortgage debt secured by collegiate housing properties and any amounts due under the Fourth Amended Revolver and construction loan agreements.

(2) Includes contractual fixed-rate interest payments as well as estimates of variable rate interest payments based on the variable interest rates effective as of December 31, 2012. The Trust has $89,103 of variable rate debt as of December 31, 2012.

(3) Includes future minimum lease commitments under operating lease obligations (includes long-term ground leases) and future purchase obligations for advertising.

(4) Includes future annual contributions to the capital reserve as required by certain mortgage debt.

Long-term indebtedness

As of December 31, 2012, 20 of our communities were unencumbered by mortgage debt.

As of December 31, 2012, we had outstanding mortgage and construction indebtedness of $398.8 million (net of unamortized debt premium of $3.1 million). The scheduled future maturities of this indebtedness as of December 31, 2012 were as follows (in thousands):

Year	
2013	$37,919
2014	72,912
2015	47,339
2016	91,729
2017	39,757
Thereafter	106,122
Total	395,778
Debt premium	3,068
Outstanding as of December 31, 2012, net of debt premium	$398,846

As of December 31, 2012, the outstanding mortgage and construction debt had a weighted average interest rate of 4.86% and carried an average term to maturity of 3.62 years.

The Trust had $79.0 million outstanding under the Third Amended Revolver as of December 31, 2012. As discussed above, the Third Amended Revolver was replaced with the Fourth Amended Revolver in January 2013. The Fourth Amended Revolver has a term of four years and matures on January 14, 2017, and provides that the Operating Partnership may extend the maturity date one year subject to certain conditions. The Fourth Amended Revolver requires interest only payments through maturity. The interest rate per annum applicable to the Fourth Amended Revolver is, at the Operating Partnership's option, equal to a base rate or LIBOR plus an applicable margin based upon our leverage. The interest rate applicable to the Third Amended Revolver as of December 31, 2012 was 1.84%.

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Distributions

We are required to distribute 90% of our REIT taxable income (excluding the deduction for dividends paid and net capital gains) on an annual basis in order to qualify as a REIT for federal income tax purposes. Accordingly, we intend to make, but are not contractually bound to make, regular quarterly distributions to holders of our common stock and Operating Partnership Units. All such distributions are authorized at the discretion of our Board. We may be required to use borrowings under our Fourth Amended Revolver, if necessary, to meet REIT distribution requirements, avoid the imposition of federal income and excise taxes and maintain our REIT status. Additionally, we may make certain distributions consisting of both cash and shares to meet REIT distribution requirements. We consider market factors and our performance in addition to REIT requirements in determining distribution levels. During the third quarter of 2011, our Board increased the annual dividend target 40% from $0.20 to $0.28 per share/unit becoming effective with the August 16, 2011 dividend. During July of 2012, our Board increased the annual dividend target 43% from $0.28 to $0.40 per share/unit becoming effective with the August 15, 2012 dividend.

As discussed above, our Board declared a fourth quarter distribution of $0.10 per share of common stock for the quarter ended December 31, 2012. The distribution is payable on February 15, 2013 to stockholders of record at the close of business on January 31, 2013.

Off-Balance Sheet Arrangements

The Operating Partnership entered into a letter of credit agreement in conjunction with the closing of the acquisition of a collegiate housing community at the University of Florida. As of December 31, 2012, the mortgage debt on this community was repaid (see Note 10 to the accompanying consolidated financial statements), and the $1.5 million letter of credit is no longer outstanding.

The Operating Partnership serves as non-recourse, carve-out guarantor for secured third-party debt in the amount of $24.3 million, held by one unconsolidated joint venture. The Operating Partnership is liable to the lender for any loss, damage, cost, expense, liability, claim or other obligation incurred by the lender arising out of or in connection with certain non-recourse exceptions in connection with the debt. Pursuant to the operating agreement, the joint venture partner agreed to indemnify, defend and hold harmless the Trust with respect to such obligations, except to the extent such obligations were caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates.
Therefore, exposure under the guarantee for obligations not caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates is not expected to exceed the Operating Partnership’s proportionate interest in the related mortgage debt.

In connection with the development agreement entered into on July 14, 2010 for a project at the Science + Technology Park at Johns Hopkins Medical Institute (see Note 2 to the accompanying consolidated financial statements) the Trust has committed to provide a guarantee of repayment of a $42.0 million third-party construction loan for a $3.0 million fee. The guarantee fee will not be recognized until the second mortgage loan is repaid. The project will have a $2.5 million reserve to fund any operating or debt service shortfalls that is to be replenished annually by East Baltimore Development, Inc., until a 1.10 debt service coverage ratio is achieved for twelve consecutive months. The second mortgage loan and related debt service are the first at risk if such reserve is not adequate to cover operating expenses and debt service on the construction loan.

In connection with the condominium agreement related to The Oaks on the Square project in Storrs, Connecticut (see Note 4 to the accompanying consolidated financial statements) the Operating Partnership and LeylandAlliance LLC have jointly committed to provide a guarantee of repayment of a $46.4 million construction loan to develop the

residential and retail portions of the project. As of December 31, 2012 and December 31, 2011, $22.7 million and $1.5 million, respectively, had been drawn on the construction loan of which $6.3 million and $0.6 million, respectively, is attributable to LeylandAlliance LLC. These amounts are not included in our accompanying consolidated financial statements.

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Non GAAP Measures

Funds From Operations (FFO)

As defined by the National Association of Real Estate Investment Trusts ("NAREIT"), FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations on the same basis. In October 2011, NAREIT communicated to its members that the exclusion of impairment write-downs of depreciable real estate is consistent with the definition of FFO, and prior periods should be restated to be consistent with this guidance. Accordingly, we have restated all periods presented to reflect the current guidance. We present FFO available to all stockholders and unitholders because we consider it to be an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. As such, we also exclude the impact of noncontrolling interests in our calculation. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income.

We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its March 1995 White Paper (as amended in November 1999, April 2002 and by the October 2011 guidance described above), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for management's discretionary use because of needed capital replacement or expansion, debt service obligations or other commitments and uncertainties. We believe that net income is the most directly comparable GAAP measure to FFO available to stockholders and unitholders. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of our financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions.

The Trust also uses core funds from operations, or Core FFO, as an operating performance measure. Core FFO is defined as FFO adjusted to include the economic impact of revenue on participating projects for which recognition is deferred for GAAP purposes. The adjustment for this revenue is calculated on the same percentage of completion method used to recognize revenue on third-party development projects. Core FFO also includes adjustments to exclude the impact of straight-line adjustments for ground leases, gains/losses on extinguishment of debt, transaction costs related to acquisitions and reorganization or severance costs. We believe that these adjustments are appropriate in determining Core FFO as they are not indicative of the operating performance of the Trust's assets. In addition, management uses Core FFO in the assessment of the Trust's operating performance and comparison to its industry peers and believes that Core FFO is a useful supplemental measure for the investing community to use in comparing the Trust to other REITs as many REITs provide some form of adjusted or modified FFO.

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The following table presents a reconciliation of FFO and Core FFO available to our stockholders and unitholders to net income (loss) for the years ended December 31, 2012, 2011 and 2010 (amounts in thousands):

	2012	2011	2010
Net income (loss) attributable to Education Realty Trust, Inc.	$8,421	$(11,014)	$(42,058)
Gain on sale of collegiate housing assets	(5,496)	(2,388)	(611)
Loss on impairment of collegiate housing assets	—	7,859	33,610
Real estate related depreciation and amortization	37,237	29,101	29,940
Real estate depreciation and amortization included in equity in earnings of investees	225	412	479
Equity portion of loss on sale of collegiate housing property on equity investee	88	256	137
Noncontrolling interests	305	244	(233)
FFO	40,780	24,470	21,264
FFO adjustments:			
Loss on extinguishment of debt	—	757	1,426
Acquisition costs	1,110	741	1,467
Straight-line adjustment for ground leases	4,364	4,208	984
Reorganization/severance costs, net of taxes	—	—	447
FFO adjustments:	5,474	5,706	4,324
FFO on Participating Developments:			
Interest on loan to Participating Development	1,830	1,598	329
Development fees on Participating Development, net of costs and taxes	91	887	128
FFO on Participating Developments:	1,921	2,485	457
Core FFO	$48,175	$32,661	$26,045

Net Operating Income (NOI)

We believe NOI is a useful measure of our collegiate housing operating performance. We define NOI as rental and other community-level revenues earned from our collegiate housing communities less community-level operating expenses, excluding management fees, depreciation, amortization, ground lease expense and impairment charges and including regional and other corporate costs of supporting the communities. Other REITs may use different methodologies for calculating NOI, and accordingly, the Trust's NOI may not be comparable to other REITs. We believe that this measure provides an operating perspective not immediately apparent from GAAP operating income or net income. The Trust uses NOI to evaluate performance on a community-by-community basis because it allows management to evaluate the impact that factors such as lease structure, lease rates and tenant base, which vary by property, have on the Trust’s operating results. However, NOI should only be used as an alternative measure of the Trust's financial performance.

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The following is a reconciliation of our GAAP operating income to NOI for years ended December 31, 2012, 2011 and 2010 (in thousands):

	For the Year ended December 31,		
	2012	2011	2010
Operating income	$16,157	$13,366	$11,347
Less: Third-party development services revenue	820	4,103	2,483
Less: Third-party management services revenue	3,446	3,336	3,189
Less: Operating expense reimbursements	—	—	916
Plus: General and administrative expenses	14,176	12,316	13,373
Plus: Ground leases	6,395	5,498	1,528
Plus: Depreciation and amortization	35,436	25,961	21,984
Plus: Loss on impairment of collegiate housing assets	—	—	—
NOI	$67,898	$49,702	$41,644

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)

Adjusted EBITDA is defined as net income or loss excluding: (1) straight line adjustment for ground leases; (2) acquisition costs; (3) depreciation and amortization; (4) loss on impairment of collegiate housing assets; (5) gain on sale of collegiate housing assets; (6) interest expense; (7) other non-operating expense (income); (8) income tax expense (benefit); (9) non-controlling interest; and (10) applicable expenses related to discontinued operations. We consider Adjusted EBITDA useful to an investor in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results.

The following is a reconciliation of our GAAP net income (loss) to Adjusted EBITDA for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	For the Year ended December 31,		
	2012	2011	2010
Net income (loss) attributable to common stockholders	$8,421	$(11,014)	$(42,058)
Straight line adjustment for ground leases	4,364	4,208	984
Acquisition costs	1,110	741	1,467
Depreciation and amortization	35,436	25,961	21,984
Depreciation and amortization – discontinued operations	2,438	3,594	8,395
Loss on impairment of collegiate housing assets – discontinued operations	88	7,859	33,610
Gain on sale of collegiate housing assets – discontinued operations	(5,496)	(2,388)	(611)
Interest expense, net	14,390	17,274	18,729
Interest expense – discontinued operations	—	1,044	3,395
Other nonoperating expense (income)	932	1,373	738
Income tax expense (benefit)	(884)	(95)	442
Non-controlling interest	216	239	(233)
Applicable expenses (income) related to discontinued operations	—	472	1,551
Adjusted EBITDA	$61,015	$49,268	$48,393

Inflation

Our collegiate housing leases typically do not have terms that extend beyond twelve months. Accordingly, although on a short-term basis we would be required to bear the impact of rising costs resulting from inflation, we have the

opportunity to raise rental rates at least annually to offset such rising costs. However, our ability to raise rental rates may be limited by a weak economic environment, increased competition from new collegiate housing in our primary markets and/or a reduction in student enrollment at our principal colleges and universities.

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Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued new authoritative guidance resulting in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently, some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011 and is applied prospectively. The adoption had no material impact on the Trust's consolidated financial statements, but resulted in additional fair value measurement disclosures (see Note 2 to the accompanying consolidated financial statements).

In September 2011, the FASB issued new authoritative guidance to simplify how entities test for goodwill impairment. The new guidance allows an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary. However, if the entity concludes otherwise, it is required to proceed with performing step one of the goodwill impairment test and step two if necessary. Under the new guidance, an entity is no longer permitted to carry forward its detailed calculation of a reporting unit's fair value as previously permitted. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011, and early adoption is permitted. The adoption had no material impact on the Trust's consolidated financial statements as the Trust will continue to assess goodwill impairment based on quantitative measures.

In December 2011, the FASB updated the guidance related to Property, Plant and Equipment – Real Estate Sales to eliminate diversity in practice regarding whether in-substance real estate should be derecognized when the parent ceases to have a controlling financial interest in a subsidiary that is in-substance real estate because of a default of the subsidiary on its nonrecourse debt. The updated guidance clarifies that the accounting for such transactions is based on substance rather than form, and a reporting entity generally would not satisfy the requirements to derecognize the in-substance real estate before the legal transfer of the real estate to the lender and the extinguishment of the related nonrecourse debt. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after June 15, 2012. The adoption had no material impact on the Trust's consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. The Trust's interest rate risk objective is to limit the impact of interest rate fluctuations on earnings and cash flows and to lower its overall borrowing costs. To achieve this objective, the Trust manages its exposure to fluctuations in market interest rates for its borrowings through the use of fixed rate debt instruments to the extent that reasonably favorable rates are obtainable.

For fixed rate debt, interest rate changes affect the fair market value but do not impact net income to common stockholders or cash flows. Conversely, for floating rate debt, interest changes generally do not affect the fair market value but do impact net income to common stockholders and cash flows, assuming other factors are held constant. As of December 31, 2012, we had fixed rate debt of $270.3 million. Holding other variables constant, a 100 basis point increase in interest rates would cause a $9.4 million decline in the fair value for our fixed rate debt. Conversely, a 100 basis point decrease in interest rates would cause a $9.9 million increase in the fair value of our fixed rate debt. As of

December 31, 2012, 68.3% of the outstanding principal amounts of our mortgage and construction notes payable on the properties we own have fixed interest rates with a weighted average interest rate of 5.67% and an average term to maturity of 3.72 years.

As of December 31, 2012, we assumed $36.3 million of variable rate mortgage debt in connection with the acquisition of the GrandMarc at Westberry Place collegiate housing community located at Texas Christian University. The interest rate per annum applicable to the loan is equal to a base rate plus a 4.85% margin, in total not to exceed 7.5% per annum, and principal and interest are paid on a monthly basis. The loan matures on January 1, 2020. As of December 31, 2012, the interest rate applicable to the loan was 4.95%.

As of December 31, 2012, we had borrowed $89.1 million on construction loans related to the development of owned collegiate apartment communities. These loans bear interest equal to a base rate or LIBOR plus an applicable margin with $8.5

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million, $44.6 million and $36.0 million maturing in 2013, 2014, and 2015, respectively. As of December 31, 2012, the weighted average interest rate applicable to these loans was 2.35%.

Item 8. Financial Statements and Supplementary Data.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2012 based upon the guidelines established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Based on the results of our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2012. We reviewed the results of management's assessment with our Audit Committee.

The effectiveness of our internal control over financial reporting as of December 31, 2012 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their attestation report which appears on the following page.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Education Realty Trust, Inc.

Memphis, Tennessee

We have audited the accompanying consolidated balance sheets of Education Realty Trust, Inc. and subsidiaries (the "Trust") as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2012. We also have audited the Trust's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Trust's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Trust's internal control over financial reporting based on our audits.

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

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

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

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ DELOITTE & TOUCHE LLP

Memphis, Tennessee
February 28, 2013

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CONSOLIDATED BALANCE SHEETS
As of December 31,

	2012	2011
	(Amounts in thousands, except share and per share data)	
Assets:		
Collegiate housing properties, net	$1,061,002	$803,519
Assets under development	159,264	56,648
Corporate office furniture, net	3,007	574
Cash and cash equivalents	17,039	75,813
Restricted cash	6,410	4,826
Student contracts receivable, net	708	347
Receivable from managed third parties	629	933
Notes receivable	21,000	18,000
Goodwill and other intangibles, net	4,455	3,965
Other assets	51,173	13,184
Total assets	$1,324,687	$977,809
Liabilities:		
Mortgage and construction loans, net of unamortized premium	$398,846	$358,504
Unsecured revolving credit facility	79,000	—
Accounts payable	1,749	3,933
Accrued expenses	55,374	27,833
Deferred revenue	17,964	14,409
Total liabilities	552,933	404,679
Commitments and contingencies (see Note 16)	—	—
Redeemable noncontrolling interests	8,944	9,776
Equity:		
Common stock, $.01 par value, 200,000,000 shares authorized, 113,062,452 and 91,800,688 shares issued and outstanding as of December 31, 2012 and 2011, respectively	1,131	918
Preferred shares, $0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in capital	849,878	662,657
Accumulated deficit	(93,287)	(101,708)
Total Education Realty Trust, Inc. stockholders' equity	757,722	561,867
Noncontrolling interests	5,088	1,487
Total equity	762,810	563,354
Total liabilities and equity	$1,324,687	$977,809

See accompanying notes to the consolidated financial statements.
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CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31,

	2012	2011	2010
	(Amounts in thousands, except share and per share data)		
Revenues:			
Collegiate housing leasing revenue	$131,092	$98,491	$86,347
Third-party development consulting services	820	4,103	2,483
Third-party management services	3,446	3,336	3,189
Operating expense reimbursements	9,593	8,604	14,519
Total revenues	144,951	114,534	106,538
Operating expenses:			
Collegiate housing leasing operations	63,194	48,789	44,703
Development and management services	6,268	5,506	5,268
General and administrative	7,908	6,810	8,105
Depreciation and amortization	35,436	25,961	21,984
Ground lease expense	6,395	5,498	1,528
Reimbursable operating expenses	9,593	8,604	13,603
Total operating expenses	128,794	101,168	95,191
Operating income	16,157	13,366	11,347
Nonoperating expenses:			
Interest expense	14,390	17,274	18,729
Amortization of deferred financing costs	1,215	1,197	1,152
Loss on extinguishment of debt	—	351	—
Interest income	(283)	(175)	(414)
Total nonoperating expenses	15,322	18,647	19,467
Income (loss) before equity in earnings (losses) of unconsolidated entities, income taxes and discontinued operations	835	(5,281)	(8,120)
Equity in earnings (losses) of unconsolidated entities	(363)	(447)	(260)
Income (loss) before income taxes and discontinued operations	472	(5,728)	(8,380)
Income tax expense (benefit)	(884)	(95)	442
Income (loss) from continuing operations	1,356	(5,633)	(8,822)
Discontinued operations:			
Income (loss) from operations of discontinued operations	1,785	(7,530)	(34,080)
Gain on sale of collegiate housing property	5,496	2,388	611
Income (loss) from discontinued operations	7,281	(5,142)	(33,469)
Net income (loss)	8,637	(10,775)	(42,291)
Less: Net income (loss) attributable to the noncontrolling interests	216	239	(233)
Net income (loss) attributable to Education Realty Trust, Inc.	$8,421	$(11,014)	$(42,058)

See accompanying notes to the consolidated financial statements.

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	2012	2011	2010
	(Amounts in thousands, except share and per share data)		
Earnings (loss) per share information:			
Income (loss) attributable to Education Realty Trust, Inc. common stockholders per share – basic and diluted:			
Continuing operations	$0.01	$(0.08)	$(0.16)
Discontinued operations	0.07	(0.07)	(0.57)
Net loss attributable to Education Realty Trust, Inc. common stockholders per share	$0.08	$(0.15)	$(0.73)
Weighted average common shares outstanding – basic	101,243,974	75,485,418	57,535,698
Weighted average common shares outstanding – diluted	102,316,958	75,485,418	57,535,698
Amounts attributable to Education Realty Trust, Inc. – common stockholders:			
Income (loss) from continuing operations, net of tax	$1,198	$(5,916)	$(9,095)
Income (loss) from discontinued operations, net of tax	7,223	(5,098)	(32,963)
Net income (loss)	$8,421	$(11,014)	$(42,058)
Distributions per common share	$0.34	$0.24	$0.20

See accompanying notes to the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31,
(Amounts in thousands, except shares)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interests	Total
	Shares	Amount				
Balance, December 31, 2009	56,705,605	$567	$410,455	$(48,636)	$ 2,779	$365,165
Proceeds from issuances of common stock, net of offering costs	1,802,931	19	12,435	—	—	12,454
Common stock issued to officers and directors	34,000	—	336	—	—	336
Common stock issued to retire PIUs	50,826	1	196	—	—	197
Amortization of restricted stock	63,694	—	619	—	—	619
Cash dividends	—	—	(11,477)	—	(22)	(11,499)
PIUs forfeited and redeemed	—	—	2,286	—	(2,767)	(481)
Net income (loss)	—	—	—	(42,058)	10	(42,048)
Balance, December 31, 2010	58,657,056	587	414,850	(90,694)	—	324,743
Common stock issued to officers and directors	44,280	—	360	—	—	360
Proceeds from issuances of common stock, net of offering costs	32,996,205	330	264,004	—	—	264,334
Amortization of restricted stock	103,147	1	1,165	—	—	1,166
Cash dividends	—	—	(17,722)	—	—	(17,722)
Noncontrolling interests in joint ventures	—	—	—	—	1,487	1,487
Net loss	—	—	—	(11,014)	—	(11,014)
Balance, December 31, 2011	91,800,688	918	662,657	(101,708)	1,487	563,354
Common stock issued to officers and directors	32,286	—	360	—	—	360
Proceeds from issuances of common stock, net of offering costs	20,987,826	210	220,055	—	—	220,265
Amortization of restricted stock	241,652	3	765	—	—	768
Cash dividends	—	—	(33,959)	—	—	(33,959)
Return of equity to noncontrolling interests	—	—	—	—	(349)	(349)
Contributions from noncontrolling interests	—	—	—	—	4,039	4,039
Net income (loss)	—	—	—	8,421	(89)	8,332
Balance, December 31, 2012	113,062,452	$1,131	$849,878	$(93,287)	$ 5,088	$762,810

See accompanying notes to the consolidated financial statements.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31,

	2012	2011	2010
	(Amounts in thousands)		
Operating activities:			
Net income (loss)	$8,637	$(10,775)	$(42,291)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	35,436	25,961	21,984
Depreciation included in discontinued operations	2,438	3,594	8,396
Deferred tax expense (benefit)	1,043	(197)	(841)
Loss on disposal of assets	99	22	32
Gain on sale of collegiate housing property in discontinued operations	(5,496)	(2,388)	(611)
Noncash rent expense related to the straight-line adjustment for long-term ground leases	4,364	4,208	984
Loss on impairment of collegiate housing properties included in discontinued operations	—	7,859	33,610
Loss on extinguishment of debt	—	351	—
Loss on extinguishment of debt included in discontinued operations	—	406	1,426
Amortization of deferred financing costs	1,215	1,197	1,152
Amortization of deferred financing costs included in discontinued operations	—	48	124
Loss on interest rate cap	—	5	235
Amortization of unamortized debt premiums	(80)	(390)	(398)
Distributions of earnings from unconsolidated entities	195	264	388
Noncash compensation expense related to stock-based incentive awards	2,041	1,502	783
Equity in losses of unconsolidated entities	363	447	260
Change in operating assets and liabilities (net of acquisitions):			
Student contracts receivable	(19)	(239)	(20)
Management fees receivable	304	(406)	(250)
Other assets	(16,750)	(1,497)	(1,606)
Accounts payable and accrued expenses	421	8,500	6,286
Accounts receivable (payable) affiliate	—	—	18
Deferred revenue	4,142	2,614	2,608
Net cash provided by operating activities	38,353	41,086	32,269
Investing activities:			
Property acquisitions, net of cash acquired	(284,775)	(193,393)	(45,500)
Purchase of corporate furniture and fixtures	(3,106)	(173)	(173)
Restricted cash	(1,584)	(35)	(212)
Insurance proceeds received on property losses	5,000	—	—
Investment in collegiate housing properties	(22,599)	(22,129)	(17,978)
Proceeds from sale of collegiate housing properties	67,261	57,515	25,682
Payments on notes receivable	1,800	75	2,148
Loans to developments	(3,000)	(8,128)	(9,872)
Earnest money deposits	(3,000)	(75)	—
Investment in assets under development	(144,950)	(54,015)	(1,146)

Distributions from unconsolidated entities	82	285	777
Investments in unconsolidated entities	(11,797)	(25)	(40)
Net cash used in investing activities	(400,668)	(220,098)	(46,314)

See accompanying notes to the consolidated financial statements.

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	2012	2011	2010
	(Amounts in thousands)		
Financing activities:			
Payment of mortgage and construction notes	(79,185)	(42,130)	(13,222)
Borrowings under mortgage and construction loans	119,607	49,488	—
Debt issuance costs	(1,026)	(1,527)	6
Debt extinguishment costs	—	(351)	(629)
Borrowings on line of credit	141,000	—	31,700
Repayments of line of credit	(62,000)	(3,700)	(28,000)
Proceeds from issuance of common stock	220,441	265,318	12,599
Payment of offering costs	(805)	(1,007)	(158)
Redemption of noncontrolling interests	—	—	(167)
Dividends and distributions paid to common and restricted stockholders	(33,959)	(17,722)	(11,477)
Dividends and distributions paid to noncontrolling interests	(532)	(502)	(818)
Net cash provided by (used in) financing activities	303,541	247,867	(10,166)
Net (decrease) increase in cash and cash equivalents	(58,774)	68,855	(24,211)
Cash and cash equivalents, beginning of period	75,813	6,958	31,169
Cash and cash equivalents, end of period	$17,039	$75,813	$6,958
Supplemental disclosure of cash flow information:			
Interest paid	$18,402	$19,526	$19,764
Income taxes paid	$76	$339	$1,456
Supplemental disclosure of noncash activities:			
Redemption of redeemable noncontrolling interests from unit holder	$606	$—	$—

See accompanying notes to the consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except share and per share data)

1. Organization and description of business

Education Realty Trust, Inc. (the "Trust") was organized in the state of Maryland on July 12, 2004 and commenced operations as a real estate investment trust ("REIT") effective with the initial public offering (the "Offering") that was completed on January 31, 2005. Under the Trust's Articles of Incorporation, as amended, the Trust is authorized to issue up to 200 million shares of common stock and 50 million shares of preferred stock, each having a par value of $0.01 per share.

The Trust operates primarily through a majority-owned Delaware limited partnership, Education Realty Operating Partnership, LP (the "Operating Partnership"). The Operating Partnership owns, directly or indirectly, interests in collegiate housing communities located near major universities in the United States.

The Trust also provides real estate facility management, development and other advisory services through the following subsidiaries of the Operating Partnership:

- EDR Management Inc. ("Management Company"), a Delaware corporation performing collegiate housing management activities; and
- EDR Development LLC ("Development Company"), a Delaware limited liability company providing development consulting services for third party collegiate housing communities.

The Trust is subject to the risks involved with the ownership and operation of residential real estate near major universities throughout the United States. The risks include, among others, those normally associated with changes in the demand for housing by students at the related universities, competition for tenants, creditworthiness of tenants, changes in tax laws, interest rate levels, the availability of financing and potential liability under environmental and other laws.

2. Summary of significant accounting policies

Basis of presentation and principles of consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States ("GAAP"). The accompanying consolidated financial statements of the Trust represent the assets and liabilities and operating results of the Trust and its majority owned subsidiaries.

The Trust, as the sole general partner of the Operating Partnership, has the responsibility and discretion in the management and control of the Operating Partnership, and the limited partners of the Operating Partnership, in such capacity, have no authority to transact business for, or participate in the management activities of the Operating Partnership. Accordingly, the Trust accounts for the Operating Partnership using the consolidation method.

All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used by management in determining the recognition of third-party development consulting services revenue under the percentage of completion method, useful lives of collegiate housing assets, the valuation of goodwill, the initial valuations and underlying allocations of purchase price in connection with collegiate housing property acquisitions, the determination of fair value for impairment assessments and in the recording of the allowance for doubtful accounts. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. In the consolidated statements of operations, regional and corporate costs of supporting our owned communities had previously been included in general and administrative expenses. In 2012, the Trust reclassified regional and corporate costs of supporting our owned

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communities to collegiate housing leasing operations. The reclassification was not material to our consolidated financial statements and had no impact on our previously reported net income, changes in equity, financial position or net cash flows from operations.

Cash and cash equivalents

All highly-liquid investments with a maturity of three months or less when purchased are considered cash equivalents. Restricted cash is excluded from cash for the purpose of preparing the consolidated statements of cash flows. The Trust maintains cash balances in various banks. At times, the amounts of cash may exceed the amount the Federal Deposit Insurance Corporation (“FDIC”) insures. As of December 31, 2012, the Trust had no cash on deposit that was uninsured by the FDIC or in excess of the FDIC limits.

Restricted cash

Restricted cash includes escrow accounts held by lenders for the purpose of paying taxes, insurance, principal and interest and funding capital improvements.

Distributions

The Trust pays regular quarterly cash distributions to stockholders. These distributions are determined quarterly by the Board of Directors (“Board”) based on the operating results, economic conditions, capital expenditure requirements, the REIT annual distribution requirements of the Internal Revenue Code of 1986, as amended (the “Code”), leverage covenants imposed by our revolving credit facility and other debt documents, and any other matters the Board deems relevant. Distributions for the year ended December 31, 2012 totaled $34.0 million, or $0.34, per weighted average share/unit of which $0.24 was treated as a non-taxable return of capital and $0.10 was treated as ordinary dividend income for income tax purposes.

Notes receivable

During the year ended December 31, 2012, the Trust entered into a mezzanine loan and purchase option agreement with Landmark Properties Holdings, LLC ("Landmark") for the purpose of developing a cottage-style collegiate housing community at Pennsylvania State University in State College, Pennsylvania. The community will be wholly owned by Landmark and a construction loan will be used to fund 80% of the development. The Trust provided $3.0 million of mezzanine financing at an interest rate of 10% per annum and was granted an option to purchase the community in 2013, 2014 or 2015. As of December 31, 2012, the mezzanine financing is recorded in notes receivable in the accompanying consolidated balance sheet. In the event the Trust does not exercise the purchase option by 2015, the mezzanine loan will be due at the earlier of when written notice is received by Landmark from the Trust or when the construction loan is repaid. The mezzanine loan is secured by 100% of Landmark's equity interest in the Pennsylvania State University development and Landmark's equity interest in the joint venture currently being developed near the University of Mississippi campus.

On July 14, 2010, the Trust entered into definitive agreements for the development, financing and management of a $60.7 million, 20-story, 572-bed graduate collegiate housing complex at the Science + Technology Park at Johns Hopkins Medical Institute. The Trust developed and manages the building, which was constructed on land owned by Johns Hopkins University and leased to a subsidiary of East Baltimore Development, Inc., a nonprofit partnership of private and public entities dedicated to Baltimore’s urban revitalization. Under terms of the agreements, the Trust (a) received development and construction oversight fees and reimbursement of pre-development expenses, (b) invested in the form of an $18.0 million second mortgage, (c) received a $3.0 million fee for providing a repayment guarantee of the construction first mortgage and (d) received a 10-year management contract. As of December 31, 2012 and 2011, the note receivable for the second mortgage had a balance of $18.0 million and is recorded in notes receivable in the accompanying consolidated balance sheets. The Trust does not have an ownership interest in any form that would

require consolidation. Due to its financing commitments to the project along with other factors, the Trust will not recognize the development services revenue, guarantee fee revenue and interest income earned on the second mortgage until the second mortgage is repaid, and the Trust no longer has a substantial continuing financial involvement. If the construction loan and second mortgage had been repaid prior to December 31, 2012, the Trust would have recognized development services revenue net of costs of $1.9 million, guarantee fee revenue of $3.0 million and interest income of $3.8 million since the commencement of the project.

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Collegiate housing properties

Land, land improvements, buildings and improvements, and furniture, fixtures and equipment are recorded at cost. Buildings and improvements are depreciated over 15 to 40 years, land improvements are depreciated over 15 years and furniture, fixtures, and equipment are depreciated over 3 to 7 years. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful life.

Acquired collegiate housing communities' results of operations are included in the Trust's results of operations from the respective dates of acquisition. Appraisals, estimates of cash flows and valuation techniques are used to allocate the purchase price of acquired property between land, land improvements, buildings and improvements, furniture, fixtures and equipment and identifiable intangibles such as amounts related to in-place leases. Acquisition costs are expensed as incurred and are included in general and administrative costs in the accompanying consolidated statements of operations.

Management assesses impairment of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management uses an estimate of future undiscounted cash flows of the related asset based on its intended use to determine whether the carrying value is recoverable. If the Trust determines that the carrying value of an asset is not recoverable, the fair value of the asset is estimated and an impairment loss is recorded to the extent the carrying value exceeds estimated fair value. Management estimates fair value using discounted cash flow models, market appraisals if available, and other market participant data.

When a collegiate housing community has met the criteria to be classified as held for sale, the fair value less cost to sell such asset is estimated. If the fair value less cost to sell the asset is less than the carrying amount of the asset, an impairment charge is recorded for the estimated loss. Depreciation expense is no longer recorded once a collegiate housing community has met the held for sale criteria. Operations of collegiate housing communities that are sold or classified as held for sale are recorded as part of discontinued operations for all periods presented. During the years ended December 31, 2012, 2011 and 2010, 15 properties were classified as part of discontinued operations in the accompanying consolidated statements of operations for all periods presented. All 15 of these properties were sold by December 31, 2012 (see Note 5).

Deferred financing costs

Deferred financing costs represent costs incurred in connection with acquiring debt facilities. The deferred financing costs incurred for years ended December 31, 2012 and 2011 were $0.9 million and $1.7 million, respectively, and are being amortized over the terms of the related debt using a method that approximates the effective interest method. There were no deferred financing costs incurred during the year ended December 31, 2010. Amortization expense totaled $1.2 million for all of the years ended December 31, 2012, 2011 and 2010. As of December 31, 2012 and 2011, accumulated amortization totaled $5.7 million and $5.1 million, respectively. Deferred financing costs, net of amortization, are included in other assets in the accompanying consolidated balance sheets (see Note 7).

Common stock issuances and offering costs

Specific incremental costs directly attributable to the issuance of common stock are charged against the gross proceeds of the related issuance. Accordingly, underwriting commissions and other stock issuance costs are reflected as a reduction of additional paid-in capital in the accompanying consolidated statement of changes in equity.

On August 14, 2012, the Trust completed a follow-on offering of 17.3 million shares of its common stock, which included 2.3 million shares purchased by the underwriters pursuant to an option to purchase additional shares. The

Trust received approximately $180.9 million in net proceeds from the offering after deducting the underwriting discount and other offering expenses. The Trust used the net proceeds to repay the unsecured revolving credit facility (see Note 10) and to fund the acquisition of The Province at East Carolina University, The District on 5th serving the University of Arizona, Campus Village serving Michigan State University, The Province at Kent State serving Kent State University and The Suites at Overton Park and The Centre at Overton Park both serving Texas Tech University (see Note 4).

On November 8, 2011, the Trust completed a follow-on offering of 14.4 million shares of its common stock, which includes 1.9 million shares purchased by the underwriters pursuant to an overallotment option. The Trust received approximately $124.4 million in net proceeds from the offering after deducting the underwriting discount and other offering expenses. On January 10, 2011, the Trust completed a follow-on offering of 13.2 million shares of its common stock, which includes 1.7 million shares purchased by the underwriters pursuant to an overallotment option. The Trust received approximately $91.7 million in net proceeds from the offering after deducting the underwriting discount and other offering expenses. The Trust used the net

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proceeds from the 2011 offerings to repay debt, fund its development pipeline, fund acquisitions and for general corporate purposes.

On June 2, 2010, the Trust entered into two equity distribution agreements. Pursuant to the terms and conditions of the agreements, the Trust could issue and sell shares of its common stock having an aggregate offering amount of up to $50 million. Sales of the common stock depended upon market conditions and other factors determined by the Trust and were made in transactions that were deemed to be “at-the-market” offerings as defined in Rule 415 under the Securities Act of 1933, as amended. The Trust had no obligation to sell any of the common stock, and could at any time suspend offers under the agreements or terminate the agreements. As of December 31, 2011, the Trust had sold 5.9 million shares of common stock under the agreements for net proceeds of $49.3 million and reached the aggregate offering amount of $50 million. On September 20, 2011, the Trust entered into the 2011 equity distribution agreement. Similar to the equity distribution agreements discussed above, the Trust could issue and sell shares of its common stock having an aggregate offering amount of up to $50 million. As of December 31, 2012, the Trust had sold 4.8 million shares of common stock under the 2011 equity distribution program for net proceeds of approximately $49.2 million and reached the aggregate offering amount of $50 million. On May 22, 2012, the Trust entered into two additional equity distribution agreements similar to the previous agreements discussed above. Under the 2012 agreements, the Trust could issue and sell shares of its common stock having an aggregate offering amount of $50 million. As of December 31, 2012, the Trust had sold $0.1 million shares of common stock under the 2012 agreements for net proceeds of approximately $1.1 million. The Trust used the net proceeds to repay debt, fund its development pipeline, fund acquisitions and for general corporate purposes.

On May 19, 2010, the Trust’s stockholders approved the Education Realty Trust, Inc. Employee Stock Purchase Plan (the “ESPP”) which became effective on July 1, 2010. Pursuant to the ESPP, all employees of the Trust are eligible to make periodic purchases of common stock through payroll deductions. Subject to the discretion of the compensation committee of the Board, the purchase price per share of common stock purchased by employees under the ESPP is 85% of the fair market value on the applicable purchase date. The Trust reserved 300,000 shares of common stock for sale under the ESPP. The aggregate cost of the ESPP (generally the 15% discount on the shares purchased) is recorded by the Trust as a period expense. For the years ended December 31, 2012, 2011 and 2010, total compensation expense relating to the ESPP was $25,345, $24,338, and $12,605 respectively.

Debt premiums/discounts

Differences between the estimated fair value of debt and the principal value of debt assumed in connection with collegiate housing property acquisitions are amortized over the term of the related debt as an offset to interest expense using the effective interest method. As of December 31, 2012 and 2011, the Trust had net unamortized debt premiums of $3.1 million and $9,508, respectively. These amounts are included in mortgage and construction loans in the accompanying consolidated balance sheets.

Income taxes

The Trust qualifies as a REIT under the Code. The Trust is generally not subject to federal, state and local income taxes on any of its taxable income that it distributes if it distributes at least 90% of its REIT taxable income for each tax year to its stockholders and meets certain other requirements. If the Trust fails to qualify as a REIT for any taxable year, the Trust will be subject to federal, state and local income taxes (including any applicable alternative minimum tax) on its taxable income.

The Trust has elected to treat certain of its subsidiaries, including the Management Company, as taxable REIT subsidiaries (each a “TRS”). A TRS is subject to federal, state and local income taxes. The Management Company provides management services and through the Development Company, provides development services, which if

directly provided by the Trust would jeopardize the Trust's REIT status. Deferred tax assets and liabilities are recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse.

The Trust had no unrecognized tax benefits as of December 31, 2012, 2011 and 2010. As of December 31, 2012, the Trust did not expect to record any unrecognized tax benefits. The Trust, and its subsidiaries, file federal and state income tax returns. As of December 31, 2012, open tax years generally included tax years for 2009, 2010 and 2011. The Trust's policy is to include interest and penalties related to unrecognized tax benefits in general and administrative expenses. As of December 31, 2012, 2011 and 2010, the Trust had no interest or penalties recorded related to unrecognized tax benefits.

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Noncontrolling interests

As of December 31, 2012, the Trust entered into three joint venture agreements to develop, own and manage properties near the University of Alabama, Arizona State University-Phoenix and The University of Mississippi. The Trust is deemed to be the primary beneficiary of these communities; therefore, the Trust accounts for the joint ventures using the consolidation method of accounting. Our joint venture partners' investments in the joint ventures are accounted for as noncontrolling interests in the accompanying consolidated balance sheets and statements of changes in equity and net income attributable to noncontrolling interests in the accompanying consolidated statements of operations.

The units of limited partnership of the Operating Partnership ("Operating Partnership Units"), units of limited partnership of University Towers Operating Partnership, LP ("University Towers Operating Partnership Units") and profits interest units ("PIUs") (see Note 9) are referred to as noncontrolling interests. The Trust follows the guidance issued by the Financial Accounting Standards Board ("FASB") regarding the classification and measurement of redeemable securities. The Operating Partnership Units and the University Towers Operating Partnership Units are redeemable at the option of the holder and essentially have the same characteristics as common stock as they participate in net income and distributions. Accordingly, the Trust has determined that the Operating Partnership Units and the University Towers Operating Partnership Units meet the requirements to be classified outside of permanent equity and are therefore classified as redeemable noncontrolling interests in the accompanying consolidated balance sheets and net income attributable to noncontrolling interests in the accompanying consolidated statements of operations. The value of redeemable noncontrolling interests is reported at the greater of fair value or historical cost at the end of each reporting period. As of December 31, 2012, the Trust reported the redeemable noncontrolling interests at historical cost, which was greater than fair value.

The following table sets forth the activity with the redeemable noncontrolling interests for the years ended December 31, 2012 and 2011 (in thousands):

	2012	2011
Beginning balance – redeemable noncontrolling interests	$9,776	$10,039
Net income (loss) attributable to redeemable noncontrolling interests	305	239
Redemption of operating partnership units	(607)	—
Distributions attributable to redeemable noncontrolling interests	(530)	(502)
Ending balance – redeemable noncontrolling interests	$8,944	$9,776

Earnings per share

Basic earnings per share is calculated by dividing net earnings available to common stock by weighted average shares of common stock outstanding. Diluted earnings per share is calculated similarly, except that it includes the dilutive effect of the assumed exercise of potentially dilutive securities. The Trust follows the authoritative guidance regarding the determination of whether certain instruments are participating securities. All unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are included in the computation of earnings per share under the two-class method. This results in shares of unvested restricted stock being included in the computation of basic earnings per share for all periods presented.

The following table reconciles the basic and diluted weighted average shares for the year ended December 31, 2012:

Basic weighted average shares of common stock outstanding	101,243,974
Operating Partnership Units	865,727
University Towers Operating Partnership Units	207,257

Diluted weighted average shares of common stock outstanding	102,316,958

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As of December 31, 2011 and 2010, the following potentially dilutive securities were outstanding but were not included in the computation of diluted earnings per share because the effects of their inclusion would be anti-dilutive:

	2011	2010
Operating Partnership Units	903,738	903,738
University Towers Operating Partnership Units	207,257	207,257
Total potentially dilutive securities	1,110,995	1,110,995

A reconciliation of the numerators and denominators for the basic and diluted earnings per share computation is not presented, as the Trust reported a loss from continuing operations for the years ended December 31, 2011 and 2010, and therefore the effect of the inclusion of all potentially dilutive securities would be anti-dilutive when computing diluted earnings per share; thus, the computation for both basic and diluted earnings per share is the same.

Repairs, maintenance and major improvements

The costs of ordinary repairs and maintenance are charged to operations when incurred. Major improvements that extend the life of an asset are capitalized and depreciated over the remaining useful life of the asset. Planned major repair, maintenance and improvement projects are capitalized when performed. In some circumstances, the lenders require the Trust to maintain a reserve account for future repairs and capital expenditures. These amounts are classified as restricted cash in the accompanying consolidated balance sheets as the funds are not available for use.

Goodwill and other intangible assets

Goodwill is tested annually for impairment as of December 31, and is tested for impairment more frequently if events and circumstances indicate that the assets might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. The accumulated impairment loss recorded by the Trust as of December 31, 2008 was $0.4 million. No additional impairment has been recorded through December 31, 2012. The carrying value of goodwill was $3.1 million as of December 31, 2012 and 2011, of which $2.1 million was recorded on the management services segment and $0.9 million was recorded on the development consulting services segment. Goodwill is not subject to amortization. Other intangible assets generally include in-place leases and management contracts acquired in connection with acquisitions and are amortized over the estimated life of the lease/contract term. The carrying value of other intangible assets was $1.4 million and $0.9 million as of December 31, 2012 and 2011, respectively.

Investment in unconsolidated entities

The Operating Partnership accounts for its investments in unconsolidated joint ventures using the equity method whereby the costs of an investment is adjusted for the Trust's share of earnings of the respective investment reduced by distributions received. The earnings and distributions of the unconsolidated joint ventures are allocated based on each owner's respective ownership interests. These investments are classified as other assets or accrued expenses, depending on whether the distributions exceed the Trust's contributions and share of earnings in the joint ventures, in the accompanying consolidated balance sheets (see Note 8). As of December 31, 2012, the Trust had investments, directly or indirectly, in the following unconsolidated joint ventures that are accounted for under the equity method:

- 1313 5th Street MN Holdings, LLC, a Delaware limited liability company, 50% owned by the Operating Partnership;
- Elauwit Networks, a South Carolina limited liability company, 10% owned by the Operating Partnership; and
- University Village-Greensboro LLC, a Delaware limited liability company, 25% owned by the Operating Partnership;

As of December 31, 2011, the Trust had investments, directly or indirectly, in the following unconsolidated joint ventures that are accounted for under the equity method:

- University Village-Greensboro LLC, a Delaware limited liability company, 25% owned by the Operating Partnership;
- WEDR Riverside Investors LLC, a Delaware limited liability company, 10% owned by the Operating Partnership; and
- WEDR Stinson Investors V, LLC, a Delaware limited liability company, 10% owned by the Operating Partnership.

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Comprehensive income

The Trust follows the authoritative guidance issued by the FASB relating to the reporting and display of comprehensive income and its components. For all periods presented, comprehensive income (loss) is equal to net income (loss).

Revenue recognition

The Trust recognizes revenue related to leasing activities at the collegiate housing communities owned by the Trust, management fees related to managing third-party collegiate housing communities, development consulting fees related to the general oversight of third-party collegiate housing development and operating expense reimbursements for payroll and related expenses incurred for third-party collegiate housing communities managed by the Trust.

Collegiate housing leasing revenue — Collegiate housing leasing revenue is comprised of all activities related to leasing and operating the collegiate housing communities and includes revenues from leasing apartments by the bed, food services, parking lot rentals and providing certain ancillary services. This revenue is reflected in collegiate housing leasing revenue in the accompanying consolidated statements of operations. Students are required to execute lease contracts with payment schedules that vary from annual to monthly payments. Generally, the Trust requires each executed leasing contract to be accompanied by a signed parental guarantee. Receivables are recorded when billed. Revenues and related lease incentives and nonrefundable application and service fees are recognized on a straight-line basis over the term of the contracts. At certain collegiate housing facilities, the Trust offers parking lot rentals to the tenants. The related revenues are recognized on a straight-line basis over the term of the related agreement.

Due to the nature of the Trust's business, accounts receivable result primarily from monthly billings of student rents. Payments are normally received within 30 days. Balances are considered past due when payment is not received on the contractual due date. Allowances for uncollectible accounts are established by management when it is determined that collection is doubtful. Such allowances are reviewed periodically based upon experience. The following table reconciles the allowance for doubtful accounts as of and for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	2012	2011	2010
Balance, beginning of period	$133	$129	$207
Provision for uncollectible accounts	1,128	1,079	1,567
Deductions	(1,119)	(1,075)	(1,645)
Balance, end of period	$142	$133	$129

Third-party development services revenue — The Trust provides development consulting services in an agency capacity with third parties whereby the fee is determined based upon the total construction costs. Total fees vary from 3 – 5% of the total estimated costs, and the Trust typically receives a portion of the fees up front. These fees, including the up-front fee, are recognized using the percentage of completion method in proportion to the contract costs incurred by the owner over the course of construction of the respective projects. Occasionally, the development consulting contracts include a provision whereby the Trust can participate in project savings resulting from successful cost management efforts. These revenues are recognized once all contractual terms have been satisfied and no future performance requirements exist. This typically occurs after construction is complete. For the years ended December 31, 2012 and 2011, there was $0.2 million and $0.5 million revenue recognized, respectively, related to cost savings agreements on development projects. There was no cost savings revenue recognized for the year ended December 31, 2010.

Third-party management services revenue — The Trust enters into management contracts to manage third-party collegiate housing communities. Management revenues are recognized when earned in accordance with each management contract. Incentive management fees are recognized when the incentive criteria have been met.

Operating expense reimbursements — The Trust pays certain payroll and related costs to operate third-party collegiate housing communities that are managed by the Trust. Under the terms of the related management agreements, the third-party property owners reimburse these costs. The amounts billed to the third-party owners are recognized as revenue.

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Costs related to development consulting services

Costs associated with the pursuit of third-party development consulting contracts are expensed as incurred, until such time that management has been notified of a contract award. At such time, the reimbursable costs are recorded as receivables and are reflected as other assets in the accompanying consolidated balance sheets (see Note 7).

Costs directly associated with internal development projects are capitalized as part of the cost of the project.

Advertising expense

Advertising expenses are charged to income during the period incurred. The Trust does not use direct response advertising. Advertising expense was $3.2 million, $2.5 million and $2.5 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Segment information

The Trust discloses certain operating and financial data with respect to separate business activities within its enterprise. The Trust has identified three reportable business segments: collegiate housing leasing, collegiate housing development consulting services and collegiate housing management services.

Stock-based compensation

On May 4, 2011, the Trust’s stockholders approved the Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan (the “2011 Plan”). The 2011 Plan replaced the Education Realty Trust, Inc. 2004 Incentive Plan (“2004 Plan”) in its entirety. The 2011 Plan is described more fully in Note 9. The Trust recognizes compensation costs related to share-based payments in the accompanying consolidated financial statements in accordance with authoritative guidance.

Fair value measurements

The Trust follows the guidance contained in FASB ASC 820, Fair Value Measurements and Disclosures. Fair value is generally defined as the exit price at which an asset or liability could be exchanged in a current transaction between willing unrelated parties, other than in a forced liquidation or sale. The guidance establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data, and requires disclosures for assets and liabilities measured at fair value based on their level in the hierarchy.

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 - Observable inputs other than those included in Level 1, for example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 - Unobservable inputs reflecting management's own assumption about the inputs used in pricing the asset or liability at the measurement date.

Fair value measurements on a recurring basis include the interest rate cap (see Note 10). The fair value of the interest rate cap was determined using available market information or other appropriate valuation methodologies and was classified as Level 2 as defined in the authoritative guidance. As the cap was sold back to the bank during 2011, there

was no value recorded in the accompanying balance sheets as of December 31, 2012 and 2011.

Non-financial assets measured at fair value on a nonrecurring basis consist of real estate assets and investments in partially owned entities that have been written-down to estimated fair value when it has been determined that asset values are not recoverable during 2012 and 2011. The fair values of these assets are determined using discounted cash flow models, market appraisals if available, and other market participant data. Footnote 6 provides details for the impairment charges recorded during the year ended December 31, 2011.

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	As of December 31, 2012				As of December 31, 2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
(in thousands)								
Real estate assets	$—	$—	$—	$—	$14,750	$—	$—	$14,750

Financial assets and liabilities that are not measured at fair value in our consolidated financial statements include mezzanine notes receivable and debt. Estimates of the fair values of these instruments are based on our assessments of available market information and valuation methodologies, including discounted cash flow analyses. The table below summarizes the carrying amounts and fair values of these financial instruments as of December 31, 2012 and 2011.

	As of December 31, 2012			
		Estimated Fair Value		
(in thousands)	Carrying value	Level 1	Level 2	Level 3
Mezzanine notes receivable	$21,000	$—	$23,772	$—
Unsecured revolving credit facility	79,000	—	79,000	—
Variable rate mortgage and construction loans	125,436	—	125,436	—
Fixed rate mortgage and construction loans	270,342	—	290,409	—

	As of December 31, 2011			
		Estimated Fair Value		
(in thousands)	Carrying value	Level 1	Level 2	Level 3
Mezzanine notes receivable	$18,000	$—	$18,000	$—
Unsecured revolving credit facility	—	—	—	—
Variable rate mortgage and construction loans	72,701	—	72,701	—
Fixed rate mortgage and construction loans	285,794	—	299,281	—

The Trust discloses the fair value of financial instruments for which it is practicable to estimate. The Trust does not hold or issue financial instruments for trading purposes. The Trust considers the carrying amounts of cash and cash equivalents, restricted cash, student contracts receivable, accounts payable and accrued expenses to approximate fair value due to the short maturity of these instruments. The carrying value of restricted cash approximates its fair value based on the nature of our assessment of the ability to recover these amounts. Due to the short-term nature of these investments, Level 1 and Level 2 inputs are utilized to estimate the fair value of these financial instruments.

Recent accounting pronouncements

In May 2011, the FASB issued new authoritative guidance resulting in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently some of the amendments clarify the FASB’s intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011 and is applied prospectively. The adoption had no material impact on the Trust’s consolidated financial statements, but resulted in additional fair value measurement disclosures.

In September 2011, the FASB issued new authoritative guidance to simplify how entities test for goodwill impairment. The new guidance allows an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then

performing the two-step goodwill impairment test is unnecessary. However, if the entity concludes otherwise, it is required to proceed with performing step one of the goodwill

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impairment test and step two if necessary. Under the new guidance, an entity is no longer permitted to carry forward its detailed calculation of a reporting unit's fair value as previously permitted. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2011, and early adoption is permitted. The adoption had no material impact on the Trust's consolidated financial statements as the Trust will continue to assess goodwill impairment based on quantitative measures.

In December 2011, the FASB updated the guidance related to Property, Plant and Equipment – Real Estate Sales to eliminate diversity in practice regarding whether in-substance real estate should be derecognized when the parent ceases to have a controlling financial interest in a subsidiary that is in-substance real estate because of a default of the subsidiary on its nonrecourse debt. The updated guidance clarifies that the accounting for such transactions is based on substance rather than form, and a reporting entity generally would not satisfy the requirements to derecognize the in-substance real estate before the legal transfer of the real estate to the lender and the extinguishment of the related nonrecourse debt. The guidance is effective for financial statements issued for fiscal years and interim periods beginning after June 15, 2012. The adoption had no material impact on the Trust's consolidated financial statements.

3. Income taxes

Deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities of the TRSs for financial reporting purposes and the amounts used for income tax purposes. Significant components of the deferred tax assets and liablities as of December 31, 2012 and 2011, respectively, are as follows (in thousands):

	2012	2011
Deferred tax assets:		
Deferred revenue	$717	$525
Depreciation and amortization	—	109
Accrued expenses	159	245
Straight line rent	69	15
Restricted stock amortization	—	538
Total deferred tax assets	945	1,432
Deferred tax liabilities:		
Depreciation and amortization	(493)	—
Restricted stock amortization	(63)	—
Total deferred tax liabilities:	(556)	—
Net deferred tax assets	$389	$1,432

Significant components of the income tax provision (benefit) for the years ended December 31, 2012, 2011 and 2010, respectively, are as follows (in thousands):

	2012	2011	2010
Deferred:			
Federal	$895	$(169)	$(719)
State	148	(28)	(122)
Deferred expense (benefit)	1,043	(197)	(841)
Current:			
Federal	(1,326)	(199)	1,028
State	(601)	301	255
Current (benefit) expense	(1,927)	102	1,283
Total (benefit) provision	$(884)	$(95)	$442

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TRS earnings or losses subject to tax consisted of $1.9 million loss, $0.9 million loss and $1.0 million earnings for the years ended December 31, 2012, 2011 and 2010, respectively. The reconciliation of income tax attributable to income before noncontrolling interest computed at the U.S. statutory rate to income tax provision is as follows (in thousands):

	2012	2011	2010
Tax provision at U.S. statutory rates on TRS income subject to tax	$(566)	$(293)	$357
State income tax, net of federal benefit	(312)	319	48
Other	(6)	(121)	37
Tax (benefit) provision	$(884)	$(95)	$442

4. Acquisition and development of real estate investments

During the year ended December 31, 2012, the Trust completed the following seven collegiate housing community acquisitions:

Name	Primary University Served	Acquisition Date	# of Beds	# of Units	Purchase Price (in thousands)
The Reserve on Stinson [1]	University of Oklahoma Norman, Oklahoma	Jan 2012	612	204	$22,954
The Province	East Carolina University Greenville, North Carolina	Sept 2012	728	235	$50,000
The District on 5th	University of Arizona Tucson, Arizona	Oct 2012	764	208	$66,442
Campus Village [2]	Michigan State University East Lansing, Michigan	Oct 2012	355	106	$20,900
The Province	Kent State University Kent, Ohio	Nov 2012	596	246	$45,000
The Suites at Overton Park	Texas Tech University Lubbock, Texas	Dec 2012	465	298	$37,000
The Centre at Overton Park	Texas Tech University Lubbock, Texas	Dec 2012	401	278	$37,000

(1) The Operating Partnership had a 10% equity investment in the entity that previously owned The Reserve on Stinson collegiate housing community and also managed the property prior to the acquisition.

(2) The Trust entered into a 32-year ground lease, with the option to extend the lease 20 additional years subject to certain conditions, which requires an increase in annual rent expense to be determined on predetermined adjustment dates based on the consumer price index for the life of the lease.

Combined acquisition costs for these purchases were $1.1 million and are included in general and administrative costs in the accompanying consolidated statement of operations for the year ended December 31, 2012. The Trust funded these acquisitions with assumed debt of $48.5 million and existing cash, including cash proceeds generated by the August 2012 and November 2011 common stock offerings (see Note 2) and sales of collegiate housing communities (see Note 5). A summary follows of the fair values of the assets acquired and the liabilities assumed as of the dates of the acquisitions (in thousands):

	The Province at East	The District on 5th	The Suites and Centre	Other	Total

	Carolina		at Overton Park		
Collegiate housing properties	$49,609	$65,997	$76,678	$88,129	$280,413
Other assets	502	475	4,830	971	6,778
Current liabilities	(531)	(545)	(1,651)	(1,356)	(4,083)
Mortgage debt	—	—	(51,625)	—	(51,625)
Total net assets acquired	$49,580	$65,927	$28,232	$87,744	$231,483

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The amounts of the 2012 acquisitions' revenue and net income (loss) included in the Trust's accompanying consolidated statement of operations for the year ended December 31, 2012, and the unaudited pro forma revenue and net income (loss) of the combined entity had the acquisition date been January 1, 2011, are as follows:

	Revenue	Net income (loss)	Net income (loss) attributable to common stockholders per share - basic and diluted
	(in thousands)		
Actual from date of acquisition – 12/31/12	$7,830	$1,549	$0.02
2012 supplemental pro forma for 1/1/12 – 12/31/12[1]	$157,375	$10,568	$0.10
2011 supplemental pro forma for 1/1/11 – 12/31/11[1]	$126,430	$(12,490)	$(0.17)

(1) Supplemental pro forma earnings for the year ended December 31, 2012 were adjusted to exclude $1.1 million of acquisition-related costs incurred in 2012. Supplemental pro forma earnings for the year ended December 31, 2011 were adjusted to include these charges.

Also in 2012, the Trust purchased the land and parking garage associated with the University Towers residence hall for $7.5 million and simultaneously terminated the ground lease.

During the year ended December 31, 2011, the Trust completed the following eight collegiate housing community acquisitions:

Name	Primary University Served	Acquisition Date	# of Beds	# of Units	Purchase Price (in thousands)
Wertland Square	University of Virginia Charlottesville, VA	Mar 2011	152	50	$16,600
Jefferson Commons	University of Virginia Charlottesville, VA	Mar 2011	82	22	$6,400
Westminster House	University of California Berkeley, California	May 2011	167	55	$16,000
University Village Towers [1]	University of California Riverside, California	Sept 2011	554	149	$38,100
Lotus Lofts	University of Colorado Boulder, Colorado	Nov 2011	40	9	$6,000
Irish Row	University of Notre Dame South Bend, Indiana	Nov 2011	326	127	$27,500
GrandMarc at Westberry Place[2]	Texas Christian University Ft. Worth, Texas	Dec 2011	562	244	$55,100
3949 Lindell	Saint Louis University St. Louis, Missouri	Dec 2011	256	197	$28,500

(1) The Operating Partnership had a 10% equity investment in the entity that previously owned the University Village Towers collegiate housing community and also managed the property prior to the acquisition.

(2) The Trust entered into a 53-year ground lease which requires an increase in annual rent expense to be determined on predetermined adjustment dates based on the greater of 3% or the consumer price index for the life of the lease. The Trust recognizes the minimum 3% annual increase in rent expense on a straight-line basis. For the year ended December 31, 2011, the Trust recognized $34,366 in the accompanying consolidated statement of operations related to the ground lease.

Combined acquisition costs for these purchases were $0.7 million and are included in general and administrative costs in the accompanying consolidated statement of operations for the year ended December 31, 2011. The Trust funded these acquisitions with assumed debt of $36.9 million and existing cash, including cash proceeds generated by the January and November 2011 common stock offerings (see Note 2) and sales of collegiate housing communities (see Note 5). A summary follows of the fair values of the assets acquired and the liabilities assumed as of the dates of the acquisitions (in thousands):

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	University Village Towers	GrandMarc at Westberry Place	Other	Total
Collegiate housing properties	$37,881	$53,935	$100,386	$192,202
Other assets	268	1,146	570	1,984
Current liabilities	(286)	(434)	(1,654)	(2,374)
Mortgage debt	—	(36,930)	—	(36,930)
Total net assets acquired	$37,863	$17,717	$99,302	$154,882

The amounts of the 2011 acquisitions' revenue and net loss included in the Trust's accompanying consolidated statement of operations for the year ended December 31, 2011, and the unaudited pro forma revenue and net loss of the combined entity had the acquisition date been January 1, 2010, are as follows:

	Revenue	Net income (loss)	Net income (loss) attributable to common stockholders per share-basic and diluted
	(in thousands)		
Actual from date of acquisition – 12/31/11	$4,505	$935	$0.01
2011 supplemental pro forma for 1/1/11 – 12/31/11[1]	$140,426	$(7,503)	$(0.10)
2010 supplemental pro forma for 1/1/10 – 12/31/10[1]	$134,910	$(40,144)	$(0.70)

(1) Supplemental pro forma earnings for the year ended December 31, 2011 were adjusted to exclude $0.7 million of acquisition-related costs incurred in 2011. Supplemental pro forma earnings for the year ended December 31, 2010 were adjusted to include these charges.

In July 2012, the 3949 Lindell collegiate housing community at Saint Louis University was damaged by fire. The Trust is in the process of rebuilding this community. As of December 31, 2012, the Trust had incurred $5.2 million in costs for the project.

In March 2012, the financing was finalized for the agreement executed in June 2011 between the Trust and Summa West, LLC to develop, own and manage a new collegiate housing community near Arizona State University-Downtown Phoenix campus. The Trust is the majority owner and managing member of the joint venture and will manage the community once completed. As of December 31, 2012, the Trust and Summa West, LLC had incurred $30.2 million in costs for the project. During the years ended December 31, 2012 and 2011, capitalized interest costs of approximately $0.5 million and $0.1 million, respectively, and capitalized internal development project costs of approximately $0.1 million and $17,782, respectively, were incurred related to the development. The community is expected to open in the summer of 2013.

In January 2012, the Trust entered into a joint venture agreement with Landmark Properties to develop, own and manage a new cottage-style collegiate housing community near the University of Mississippi campus (The Retreat). The Trust is the majority owner and managing member of the joint venture and will manage the community once completed. As of December 31, 2012, the Trust and Landmark Properties had incurred $22.4 million in costs for the project. During the year ended December 31, 2012, capitalized interest costs of approximately $0.3 million and capitalized internal development project costs of approximately $0.1 million were incurred related to the development. The community is expected to open in the summer of 2013.

In December 2011, the Trust was selected by the University of Kentucky to develop, own and manage new collegiate housing on its campus. This project will be financed through the Trust’s On-Campus Equity Plan, or the ONE Plan℠. As of December 31, 2012, the Trust had incurred $17.8 million in costs for Phase I and II of the project, with Phase I

expected to open in the summer of 2013 and Phase II in the summer of 2014. During the year ended December 31, 2012, the Trust capitalized interest costs and internal development costs of $0.2 million and $0.3 million, respectively, related to the development.

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In November 2011, the Trust purchased a collegiate housing community near the University of Colorado, Boulder. The Trust is developing adjacent housing on the existing land, which is expected to open in the summer of 2014. As of December 31, 2012, the Trust had incurred $0.5 million in project costs. During the years ended December 31, 2012 and 2011, the Trust capitalized interest costs of $13,800 and $933, respectively, and internal development project costs of $22,878 and $7,376, respectively, related to the development.

In February 2011, the Trust was selected by Syracuse University to develop, own and manage new collegiate housing on its campus. This was the Trust's second on-campus development at Syracuse University and third project financed through the the ONE Plan SM. As of December 31, 2012, the Trust had incurred $27.3 million in costs for the project, which opened in August 2012. During the years ended December 31, 2012 and 2011, interest costs of $0.3 million and $0.1 million, respectively, and internal development project costs of $0.1 million for both periods, were capitalized related to the development.

Also, in February 2011, the Trust executed an agreement with the Edwards Companies to develop, own and manage a new collegiate housing community at the University of Alabama in Tuscaloosa. The Edwards Companies developed the housing, which is owned jointly by the two companies. The Trust is the majority owner and manages the commuity. As of December 31, 2012, the Trust and the Edwards Companies had incurred $42.0 million in costs for the project, which opened in August 2012. During the years ended December 31, 2012 and 2011, interest costs of approximately $0.3 million and $0.1 million, respectively, and internal development project costs of approximately $0.1 million for both periods, were capitalized related to the development.

In July 2010, the University of Texas Board of Regents selected the Trust to be the ground tenant to develop, own and manage a new high-rise collegiate housing community near the core of the University of Texas at Austin campus. As of December 31, 2012, the Trust had incurred $40.6 million in costs for the project, which is expected to open in July of 2013. During the years ended December 31, 2012 and 2011, the Trust capitalized interest costs of $0.9 million and $0.2 million, respectively, and internal development project costs of $0.2 million for both years, related to the development.

In September of 2010, LeylandAlliance LLC and the Trust entered into an agreement to develop the first two phases of Storrs Center, a mixed-use town center project, adjacent to the University of Connecticut. The Trust will develop, own and manage the collegiate housing communities in these first two phases and both phases will include commercial and residential offerings.
The first phase opened in August 2012 and second phase is scheduled to be completed in 2013. As of December 31, 2012, the Trust had incurred $37.4 million in project costs. During the years ended December 31, 2012 and 2011, the Trust capitalized interest costs of $0.8 million and $0.3 million, respectively, and internal development project costs of $0.1 million and $0.2 million, respectively, related to the development.

All costs related to the development of collegiate housing communities are classified as assets under development in the accompanying consolidated balance sheets until the community is completed and opened. The Trust has expenditures for assets under development accrued in accounts payable and accrued expenses of $0.7 million and $19.3 million, respectively, as of December 31, 2012. As of December 31, 2011, the Trust had expenditures for assets under development accrued in accounts payable and accrued expenses of $1.7 million and $5.3 million, respectively.

5. Disposition of real estate investments and discontinued operations

In 2012, the Trust sold The Reserve at Star Pass and NorthPointe, both located in Tucson, Arizona, and The Reserve on Frankford, located in Lubbock, Texas, for an aggregate sales price of $69.5 million, resulting in net proceeds of approximately $67.2 million after closing costs.

In 2011, the Trust sold the Collegiate Village, located in Macon, Georgia, and Clayton Place, located in Morrow, Georgia, respectively, for an aggregate sales price of $28.0 million resulting in net proceeds of approximately $27.8 million after closing costs.

In October 2010, the Trust entered into two separate sales agreements to sell nine collegiate housing communities with a net carrying value of $83.5 million. The first agreement closed on December 8, 2010 and included the following four properties:

- The Gables serving Western Kentucky University in Bowling Green, Kentucky;
- Western Place, serving Western Kentucky University in Bowling Green, Kentucky;
- Berkeley Place, serving Clemson University in Clemson, South Carolina; and
- The Pointe at Southern, serving Georgia Southern University in Statesboro, Georgia.

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The gross sales price for the first agreement was $38.7 million with net proceeds of approximately $20.5 million after repayment of related debt of $17.3 million and other closing costs.

The second agreement closed on January 19, 2011 and included the following five properties :

•Troy Place, serving Troy University in Troy, Alabama;
•The Reserve at Jacksonville, serving Jacksonville State University in Jacksonville, Alabama;
•The Reserve at Martin, serving University of Tennessee at Martin in Martin, Tennessee;
•The Chase at Murray, serving Murray State University in Murray, Kentucky; and
•Clemson Place, serving Clemson University in Clemson, South Carolina.

The sales price was $46.1 million, and the Trust received net proceeds of approximately $29.7 million after the repayment of related debt of $16.1 million and other closing costs.

Accordingly, the results of operations of all fourteen properties are included in discontinued operations in the accompanying consolidated statements of operations for all periods presented. The Trust ceased depreciation on the properties when they met the held for sale criteria.

On April 7, 2009, the Trust sold the College Station collegiate housing community for a sales price of $2.6 million. The Trust received proceeds of $0.3 million and a note receivable of $2.3 million. Payments of principal and interest, at a rate of 6% per annum, were due on a monthly basis, and the resulting net gain on disposition of approximately $0.4 million was deferred against the note receivable until the debt was paid in full. In April 2012, the note receivable was repaid at a discount, and the Trust recognized a gain on the sale of $0.2 million.

The following table summarizes the income (loss) from discontinued operations, net of noncontrolling interests, and the related realized gains on sales of real estate from discontinued operations, net of noncontrolling interests, for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	2012	2011	2010
Collegiate housing leasing revenue	$9,224	$11,629	$29,593
Other leasing revenue	—	414	191
Collegiate housing leasing operating expenses	(5,001)	(6,621)	(16,858)
Depreciation and amortization	(2,438)	(3,594)	(8,396)
Loss on impairment	—	(7,859)	(33,610)
Interest expense	—	(1,045)	(3,450)
Amortization of deferred financing costs	—	(48)	(124)
Loss on extinguishment of debt	—	(406)	(1,426)
Noncontrolling interests	(16)	74	515
Income (loss) from discontinued operations attributable to Education Realty Trust, Inc.	$1,769	$(7,456)	$(33,565)
Gain on sale of collegiate housing property	$5,496	$2,388	$611
Noncontrolling interests	(42)	(30)	(9)
Gain on sale of collegiate housing property attributable to Education Realty Trust, Inc.	$5,454	$2,358	$602

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6. Collegiate housing properties and assets under development

Collegiate housing properties consist of the following as of December 31, 2012 and 2011, respectively (in thousands):

	2012	2011
Land	$115,818	$83,133
Land improvements	71,580	58,577
Construction in progress	208,142	43,715
Buildings	943,279	789,492
Furniture, fixtures and equipment	56,757	51,586
	1,395,576	1,026,503
Less accumulated depreciation	(175,310)	(166,336)
Collegiate housing properties and assets under development, net	$1,220,266	$860,167

Following is certain information related to investment in collegiate housing properties as of December 31, 2012 (amounts in thousands):

		Initial Cost			Total Costs					
Property[4]	Encumbrances	Land	Buildings and Improvements	Total	Cost Capitalized Subsequently	Land	Buildings and Improvements	Total	Accumulated Depreciation[5]	Date of Acquisition/ Construction
University Towers	$ 25,000	$—	$ 28,652	$28,652	$ 14,152	$2,364	$ 40,440	$42,804	$ 10,540	01/31/2005
The District on 5th	—	2,601	63,396	65,997	4	2,601	63,400	66,001	651	10/04/2012
Campus Village	—	2,650	18,077	20,727	66	2,650	18,143	20,793	141	10/18/2012
The Province at Kent State	—	4,239	40,441	44,680	—	4,239	40,441	44,680	207	11/16/2012
The Reserve at Athens	7,366	1,740	17,985	19,725	1,325	1,740	19,310	21,050	5,106	01/31/2005
Players Club	—	727	7,498	8,225	1,909	727	9,407	10,134	2,643	01/31/2005
The Suites at Overton Park	25,118	4,384	33,281	37,665	—	4,384	33,281	37,665	77	12/07/2012
The Centre at Overton Park	23,333	3,781	35,232	39,013	—	3,781	35,232	39,013	75	12/07/2012
The Pointe at South Florida	—	3,508	30,510	34,018	5,231	3,508	35,741	39,249	10,466	01/31/2005
The Reserve on Perkins	14,731	913	15,795	16,708	3,314	913	19,109	20,022	5,774	01/31/2005
The Commons at Knoxville[1]	20,711	4,630	18,386	23,016	2,587	4,586	21,017	25,603	6,349	01/31/2005
The Reserve at	—	2,743	21,176	23,919	4,277	2,743	25,453	28,196	7,337	01/31/2005

Tallahassee The Pointe at Western	—	1,096	30,647	31,743	4,129	1,096	34,776	35,872	9,654	01/31/2005
College Station at W. Lafayette[2]	18,610	1,887	19,528	21,415	2,915	1,887	22,443	24,330	6,884	01/31/2005
The Commons on Kinnear[7]	12,756	1,327	20,803	22,130	1,943	1,327	22,746	24,073	6,186	01/31/2005
The Pointe at Penn State[2]	27,286	2,151	35,094	37,245	4,035	2,151	39,129	41,280	10,863	01/31/2005
The Reserve at Columbia[1]	14,270	1,071	26,134	27,205	3,790	1,071	29,924	30,995	8,047	01/31/2005
The Lofts	—	2,801	34,117	36,918	1,872	2,801	35,989	38,790	9,260	01/31/2005
The Reserve on West 31st	—	1,896	14,920	16,816	5,319	1,896	20,239	22,135	5,846	01/31/2005

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		Initial Cost				Total Costs				
Property[4]	Encumbrances	Land	Buildings and Improvements	Total	Cost Capitalized Subsequently	Land	Buildings and Improvements	Total	Accumulated Depreciation[5]	Date of Acquisition/ Construction
Campus Creek	—	2,251	21,604	23,855	2,506	2,251	24,110	26,361	6,960	02/22/2005
Pointe West	9,824	2,318	10,924	13,242	1,344	2,318	12,268	14,586	3,805	03/17/2005
Campus Lodge	—	2,746	44,415	47,161	2,338	2,746	46,753	49,499	11,949	06/07/2005
The Province	—	4,436	45,173	49,609	—	4,436	45,173	49,609	499	09/21/2012
College Grove[1]	14,100	1,334	19,270	20,604	3,791	1,334	23,061	24,395	7,422	04/27/2005
The Reserve on South College[3]	8,083	1,744	10,784	12,528	3,224	1,744	14,008	15,752	4,552	07/06/2005
The Avenue at Southern[1]	8,239	2,028	10,675	12,703	3,902	2,028	14,577	16,605	4,315	06/15/2006
The Reserve at Saluki Pointe(6)	—	1,099	32,377	33,476	1,215	1,099	33,592	34,691	4,652	8/1/2008[6]
University Apartments on Colvin	8,527	—	25,792	25,792	(190)	—	25,602	25,602	3,105	08/01/2009
University of Texas – Austin	—	—	40,571	40,571	—	—	40,571	40,571	—	08/01/2010
Oaks on the Square	16,435	1,800	35,633	37,433	—	1,800	35,633	37,433	297	09/27/2010
Carrollton Crossing(7)	3,920	682	12,166	12,848	1,401	682	13,567	14,249	3,079	01/01/2006
River Pointe(3)	6,964	837	17,746	18,583	1,668	837	19,414	20,251	4,594	01/01/2006
Cape Trails(3)	7,343	445	11,207	11,652	1,763	445	12,970	13,415	2,981	01/01/2006
GrandMarc at the Corner	—	—	45,384	45,384	850	—	46,234	46,234	3,144	10/22/2010
Campus West	11,960	—	27,262	27,262	—	—	27,262	27,262	374	03/01/2011
Wertland Square	—	3,230	13,285	16,515	559	3,230	13,844	17,074	808	03/15/2011
Jefferson Commons	—	1,420	4,915	6,335	146	1,420	5,061	6,481	297	03/15/2011
East Edge	32,672	10,420	31,592	42,012	—	10,420	31,592	42,012	427	03/01/2011
The Berk	—	2,687	13,718	16,405	545	2,687	14,263	16,950	769	05/23/2011
ASU Phoenix	8,869	3,093	27,081	30,174	—	3,093	27,081	30,174	—	07/01/2011
Lotus Lofts	—	5,245	1,286	6,531	—	5,245	1,286	6,531	31	11/14/2011
University Village Towers	—	3,434	34,424	37,858	49	3,434	34,473	37,907	1,312	09/22/2011
Irish Row	—	2,637	24,679	27,316	118	2,637	24,797	27,434	901	11/01/2011
GrandMarc at Westberry	36,333	—	53,935	53,935	709	—	54,644	54,644	1,783	12/08/2011

Place 3949 Lindell	—	3,822	24,448	28,270	(9,552)	3,822	14,896	18,718	375	12/21/2011
The Retreat	10,639	4,743	17,694	22,437	—	4,743	17,694	22,437	—	06/14/2012
The Reserve on Stinson[(2)]	22,689	2,111	20,609	22,720	375	2,111	20,984	23,095	773	01/27/2012
Central Hall	—	—	—	—	11,197	—	11,197	11,197	—	11/01/2012
Champions Court II	—	—	—	—	1,495	—	1,495	1,495	—	11/01/2012
Haggin Hall	—	—	—	—	296	—	296	296	—	11/01/2012

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		Initial Cost			Total Costs					
Property[4]	Encumbrances	Land	Buildings and Improvements	Total	Cost Capitalized Subsequently	Land	Buildings and Improvements	Total	Accumulated Depreciation[5]	Date of Acquisitio Constructi
Champions Court I	—	—	—	—	1,948	—	1,948	1,948	—	11/01/201
Woodland Glen	—	—	—	—	2,884	—	2,884	2,884	$—	11/01/201
Land acquisition for future development	—	4,791	308	5,099	—	4,791	308	5,099	$—	—
Totals	$395,778	$113,498	$1,190,629	$1,304,127	$91,449	$115,818	$1,279,758	$1,395,576	$175,310	

(1) The Commons at Knoxville, The Reserve at Columbia, College Grove and The Avenue at Southern are cross-collateralized against the $57.3 million outstanding loan discussed in Note 10.

(2) The Pointe at Penn State, The Reserve on Stinson and College Station at West Lafayette are cross-collateralized against the $68.6 million outstanding loan discussed in Note 10.

(3) The Reserve on South College, River Pointe and Cape Trails are cross-collateralized against the $22.4 million outstanding loan discussed in Note 10.

(4) All properties are of garden-style collegiate housing communities except for University Towers which is a traditional residence hall, University of Texas-Austin, which will be a high-rise building, The Retreat, which will be a cottage-style community and Oaks on the Square, which will be a mixed use town center and main street development project located in Storrs, Connecticut.

(5) Assets have useful lives ranging from 3 to 40 years.

(6) The first phase of The Reserve at Saluki Pointe, which included 528 beds, was completed in August 2008. The second phase, which included 240 beds, was completed in August 2009.

(7) Carrollton Crossing and The Commons on Kinnear are cross-collateralized against the $16.7 million outstanding loan discussed in Note 10.

The following table reconciles the historical cost of the Trust's investment in collegiate housing properties for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	2012	2011	2010
Balance, beginning of period	$1,026,503	$855,151	$891,391
Collegiate housing acquisitions or completed developments	353,966	192,178	45,194
Collegiate housing dispositions	(104,117)	(90,072)	(66,639)
Impairment loss	—	(7,859)	(33,610)
Additions	120,058	77,474	19,124
Disposals	(834)	(369)	(309)
Balance, end of period	$1,395,576	$1,026,503	$855,151

The following table reconciles the accumulated depreciation of the Trust's investment in collegiate housing properties for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	2012	2011	2010
Balance, beginning of period	$166,336	$156,358	$141,507
Depreciation	35,708	28,568	29,849
Disposals	(771)	(347)	(278)
Collegiate housing dispositions	(25,963)	(18,243)	(14,720)
Balance, end of period	$175,310	$166,336	$156,358

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When the Trust determines that an asset is not recoverable, management estimates fair value using discounted cash flow models, market appraisals if available, and other market participant data. There were no impairment losses in 2012. During 2011 and 2010, management determined that the carrying value of various collegiate housing communities may not be recoverable due to a decline in estimated net operating income and/or the potential sale of these assets. The fair value of these properties was estimated and management recorded an impairment loss of $7.9 million and $33.6 million, respectively. As the related properties were subsequently sold the impairment loss is recorded in discontinued operations the accompanying consolidated statements of operations.

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7. Corporate office furniture and other assets

As of December 31, 2012 and 2011, the Trust had corporate office furniture with a historical cost of $5.0 million and $3.5 million, and accumulated depreciation of $2.0 million and $2.9 million, respectively. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the related assets, generally 3 to 7 years. Depreciation expense totaled $0.6 million, $0.5 million and $0.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Other assets consisted of the following as of December 31, 2012 and 2011 (in thousands):

	2012	2011
Accounts receivable related to pre-development costs	$3,464	$104
Receivable for construction loan guarantee (see Note 2)	3,000	3,000
Prepaid expenses	824	902
Deferred tax asset	945	1,432
Deferred financing costs	3,373	3,646
Investments in unconsolidated entities	11,796	29
Note receivable (see Note 5)	—	2,300
Deposit	3,000	—
Insurance proceeds receivable (see Note 16)	14,665	—
Other	10,106	1,771
Total other assets	$51,173	$13,184

8. Investments in unconsolidated entities

As of December 31, 2012 and 2011, the Trust had investments in unconsolidated entities (see Note 2). The Trust participates in major operating decisions of these entities; therefore, the equity method is used to account for these investments.

The following is a summary of financial information for the Trust’s unconsolidated joint ventures (in thousands):

Financial Position:		
As of December 31,	2012	2011
Total assets	$42,942	$48,305
Total liabilities	25,394	47,104
Equity	$17,548	$1,201
Trust’s investment in unconsolidated entities	$11,796	$29

Results of Operations:			
For the years ended December 31,	2012	2011	2010
Revenues	$3,847	$9,748	$13,464
Net loss	(4,013)	(3,951)	(2,989)
Trust’s equity in losses of unconsolidated entities	$(363)	$(447)	$(260)

As of December 31, 2012 and 2011, the Trust had $1.5 million and $0.9 million, respectively, in liabilities related to investments in unconsolidated entities where distributions exceeded contributions and equity in earnings; therefore, these investments are classified in accrued expenses in the accompanying consolidated balance sheets (see Note 2).

In December 2012 the Trust invested in a collegiate housing development with GEM Realty Capital to jointly develop and own new off-campus collegiate housing. The trust is a 50% owner and will manage the community once the development is completed. The Trust also purchased a 10% interest in Elauwit Networks, a provider of Internet access, high definition video and telephone service, in order to secure reliable and advanced technology services for its owned and third-party managed

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collegiate housing communities. The Trust accounts for these investments under the equity method.

During the year ended December 31, 2012 the Trust purchased the majority of the assets from the WEDR Stinson Investors V, LLC joint venture for $22.9 million (see Note 4). The Trust recognized $0.1 million as its portion of the loss on the investment as part of equity in earnings (losses) of unconsolidated entities in the consolidated statement of operations and recorded its share of the proceeds from the sale of $45,000 as a distribution in the accompanying consolidated financial statements.

During the year ended December 31, 2011, the Trust purchased the majority of the assets from the WEDR Riverside Investors V, LLC joint venture for $38.1 million (see Note 4). During the year ended December 31, 2010, the majority of the assets of the APF EDR, LP and APF EDR Food Services LP joint ventures were sold to an unrelated third party. During the years ended December 31, 2011 and 2010, the Trust recognized $0.3 million and $0.1 million, respectively, as its portion of the losses on the investments as part of equity in losses of unconsolidated entities in the accompanying consolidated statement of operations and recorded its share of the proceeds from the sales of $0.2 million and $0.7 million, respectively, as distributions in the accompanying consolidated financial statements.

9. Incentive plans

On May 4, 2011, the Trust’s stockholders approved the Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan (the “2011 Plan”). The purpose of the 2011 Plan is to promote the interests of the Trust and its stockholders by attracting, motivating and retaining talented executive officers, employees and directors of the Trust and linking their compensation to the long-term interests of the Trust and its stockholders. The 2011 Plan replaced the Education Realty Trust, Inc. 2004 Incentive Plan (“2004 Plan”) in its entirety and authorizes the grant of the 315,000 shares that remained available for grant under the 2004 plan, as well as 3,147,500 additional shares. As of December 31, 2012, the Trust had 3,315,339 shares of its common stock reserved for issuance pursuant to the 2011 Plan. Automatic increases in the number of shares available for issuance are not provided. The 2011 Plan provides for the grant of stock options, restricted stock, restricted stock units (“RSUs”), stock appreciation rights, other stock-based incentive awards to employees, directors and other key persons providing services to the Trust.

A restricted stock award is an award of the Trust’s common stock that is subject to restrictions on transferability and other restrictions as the Trust’s compensation committee determines in its sole discretion on the date of grant. The restrictions may lapse over a specified period of employment or the satisfaction of pre-established criteria as the compensation committee may determine. Except to the extent restricted under the award agreement, a participant awarded restricted stock will have all of the rights of a stockholder as to those shares, including, without limitation, the right to vote and the right to receive dividends or distributions on the shares. Restricted stock is generally taxed at the time of vesting. As of December 31, 2012 and 2011, unearned compensation related to restricted stock totaled $1.0 million and $1.2 million, respectively, and will be recorded as expense over the applicable vesting period. The value is determined based on the market value of the Trust’s common stock on the grant date. During the years ended December 31, 2012, 2011 and 2010, compensation expense of $0.9 million, $0.7 million and $0.4 million, respectively, was recognized in the accompanying consolidated statements of operations, related to the vesting of restricted stock. Effective January 1, 2012 and January 1, 2011, the Trust adopted the 2012 Long-Term Incentive Plan (the "2012 LTIP") and the 2011 Long-Term Incentive Plan (the "2011 LTIP"), respectively. The purpose of the 2012 LTIP and 2011 LTIP is the attract, retain and motivate the executive officers and certain key employees of the Trust to promote the long-term growth and profitability of the Trust. On January 1, 2012 and 2011, the Trust issued 70,595 and 135,500, respectively, of time vested restricted stock to executives and key employees under the 2012 LTIP and 2011 LTIP. The restricted stock granted under the 2012 LTIP and the 2011 LTIP will vest ratably over three years as long as the participants remain employed by the Trust.

A restricted stock unit ("RSU") award is an award that will vest based upon the Trust’s achievement of total stockholder returns at specified levels as compared to the average total stockholder returns of a peer group of companies and/or the National Association of Real Estate Investment Trusts Equity Index over three years (the “Performance Period”). At the end of the Performance Period, the compensation committee of the Board will determine the level and the extent to which the performance goal was achieved. RSUs that satisfy the performance goal will be converted into fully-vested shares of the Trust’s common stock and the Trust will receive a tax deduction for the compensation expense at the time of vesting. Prior to vesting, the participants are not eligible to vote or receive dividends or distributions on the RSUs. On January 1, 2012, the Trust granted the specific dollar amount of $1.1 million of performance vested equity awards that are denominated in cash and will convert to common stock at the end of the performance period to executives and key employees under the 2012 LTIP described above. The number of shares of common stock to be issued will be determined on the date of vesting based on the performance level achieved and the price per share of our common stock. On January 1, 2011, the Trust granted 203,250 performance vested

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RSUs to executives and key employees under the 2011 LTIP described above. As of December 31, 2012 and 2011, unearned compensation related to RSUs totaled $0.8 million and $0.8 million, respectively, and will be recorded as expense over the applicable vesting period. The value was determined using a Monte Carlo simulation technique. During the years ended December 31, 2012, 2011 and 2010, compensation expense of $0.7 million, $0.5 million and $0.2 million, respectively, was recognized in the accompanying consolidated statements of operations, related to the vesting of RSUs. On December 31, 2012, 198,750 of fully-vested shares of common stock were issued pursuant to the vesting of RSUs granted in 2010.

Total stock-based compensation recognized in general and administrative expense in the accompanying consolidated statements of operations for the years ended December 31, 2012, 2011 and 2010 was $2.0 million, $1.5 million and $0.8 million, respectively. Additionally during the years ended December 31, 2012 and 2011, the Trust issued 32,287 and 44,280 shares, respectively, to its independent directors pursuant to the 2011 Plan discussed above.

A summary of the stock-based incentive plan activity as of and for the years ended December 31, 2012, 2011 and 2010 is as follows:

	PIUs	Stock Awards(1)	Total
Outstanding as of December 31, 2009	275,000	216,000	491,000
Granted	—	436,826	436,826
Retired	(275,000)	—	(275,000)
Outstanding as of December 31, 2010	—	652,826	652,826
Granted	—	389,280	389,280
Retired	—	(7,020)	(7,020)
Outstanding as of December 31, 2011	—	1,035,086	1,035,086
Granted	—	102,882	102,882
Retired	—	(85,917)	(85,917)
Outstanding as of December 31, 2012	—	1,052,051	1,052,051
Vested as of December 31, 2012	—	662,895	662,895

(1) Includes restricted stock and RSU awards.

10. Debt

Revolving credit facility

On September 21, 2011, the Operating Partnership entered into a Third Amended and Restated Credit Agreement (the "Third Amended Revolver"). The Third Amended Revolver amended and restated the existing secured revolving credit facility dated November 20, 2009. The previous facility (the "Second Amended Revolver") had a maximum availability of $95 million and was scheduled to mature on November 20, 2012. The Third Amended Revolver is unsecured, has a maximum availability of $175 million and, within the first three years of the agreement, may be expanded to $315 million upon satisfaction of certain conditions. The Third Amended Revolver matures on September 21, 2014, provided that the Operating Partnership may extend the maturity date for one year subject to certain conditions.

Availability under the Third Amended Revolver is limited to a "borrowing base availability" equal to the lesser of (i) 60% of the property asset value (as defined in the agreement) and (ii) the loan amount, which would produce a debt service coverage ratio of no less than 1.40. As of December 31, 2012, our borrowing base was $175.0 million, and we had $79.0 million outstanding under the Third Amended Revolver; thus, our remaining borrowing base availability was $96.0 million.

The Trust serves as the guarantor for any funds borrowed by the Operating Partnership under the Third Amended Revolver. The interest rate per annum applicable to the Third Amended Revolver is, at the Operating Partnership's option, equal to a base rate or the London InterBank Offered Rate ("LIBOR") plus an applicable margin based upon our leverage. As of December 31, 2012, the interest rate applicable to the Third Amended Revolver was 1.84%. If amounts are drawn, due to the fact the Third Amended Revolver bears interest at variable rates, cost approximates the fair value.

The Third Amended Revolver contains customary affirmative and negative covenants and contains financial covenants that,

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among other things, require the Trust and its subsidiaries to maintain certain minimum ratios of EBITDA (earnings before payment or charges of interest, taxes, depreciation, amortization or extraordinary items) as compared to interest expense and total fixed charges. The financial covenants also include consolidated net worth and leverage ratio tests, and the Trust is prohibited from making distributions in excess of 95% of funds from operations except to comply with the legal requirements to maintain its status as a REIT. As of December 31, 2012, the Trust was in compliance with all covenants of the Third Amended Revolver.

During the year ended December 31, 2011, the Trust used $3.7 million of the proceeds received in connection with the stock offering that was conducted in January 2011 (see Note 2) to repay the outstanding balance of the Second Amended Revolver.

Mortgage and construction debt

As of December 31, 2012, the Trust had mortgage and construction notes payable consisting of the following which were secured by the underlying collegiate housing properties or leaseholds of:

Property	Outstanding as of at December 31, 2012 (in thousands)	Interest Rate	Maturity Date	Amortization
University Towers	$25,000	5.99 %	7/1/2013	30 Year
The Avenue at Southern/The Reserve at Columbia/ The Commons at Knoxville/College Grove[2]	57,320	6.02 %	1/1/2019	30 Year
The Reserve at Athens[2]	7,366	4.96 %	1/1/2015	30 Year
The Reserve at Perkins[2]	14,731	5.99 %	1/1/2014	30 Year
The Suites at Overton Park	25,118	4.16 %	4/1/2016	30 Year
The Centre at Overton Park	23,333	5.60 %	1/1/2017	30 Year
College Station at W. Lafayette/The Pointe at Penn State/The Reserve on Stinson[2]	68,585	6.02 %	1/1/2016	30 Year
Pointe West	9,824	4.92 %	8/1/2014	30 Year
University Village Apartments on Colvin	8,527	1.31 %	9/29/2013	30 Year
Carrollton Crossing/The Commons on Kinnear[2]	16,676	5.45 %	1/1/2017	30 Year
River Pointe/Cape Trails/The Reserve on South College[2]	22,390	5.67 %	1/1/2020	30 Year
The Oaks on the Square	16,435	2.46 %	10/30/2015	(1)
Campus West	11,960	2.16 %	11/30/2014	(1)
East Edge	32,672	2.61 %	6/30/2014	(1)
ASU Phoenix	8,869	2.50 %	3/20/2015	(1)
The Retreat	10,639	2.31 %	7/1/2015	(1)
GrandMarc at Westberry Place	36,333	4.95 %	1/1/2020	30 Year
Total debt /weighted average rate	395,778	4.86 %		
Unamortized premium	3,068			
Total net of unamortized premium	398,846			
Less current portion	(37,919)			
Total long-term debt, net of current portion	$360,927			

(1) Represents construction debt that is interest only through the maturity date. See the footnotes below regarding the applicable extension periods.
(2) Represents loans under the Master Secured Credit Facility as defined below.

The Trust also has a credit facility with Fannie Mae (the "Master Secured Credit Facility") that was entered into on December 31, 2008 and expanded on December 2, 2009. The Trust was in compliance with all financial covenants, including consolidated net worth and liquidity tests, contained in the Master Secured Credit Facility as of December 31, 2012. During the year ended December 31, 2011, the Trust repaid $35.5 million of variable rate debt that was outstanding under the Master Secured Credit Facility with proceeds from the sale of five collegiate housing communities (see Note 5).

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In order to hedge the interest rate risk associated with the variable rate loans under the Master Secured Credit Facility, the Operating Partnership purchased an interest rate cap from the Royal Bank of Canada on December 22, 2008 for $0.1 million. During the year ended December 31, 2011, the Trust sold the cap back to the bank for $45,000 when the variable rate debt discussed above was repaid. The notional amount of the cap was $49.9 million and the cap rate was 7.0% per annum. The Operating Partnership chose not to designate the cap as a hedge and recognized all gains or losses associated with this derivative instrument in earnings. The Trust was in compliance with all financial covenants, including consolidated net worth and liquidity tests, contained in the Master Secured Credit Facility as of December 31, 2012.

In December 2012, in connection with the acquisition of the Suites at Overton Park and the Centre at Overton Park collegiate housing communities, both adjacent to Texas Tech University in Lubbock, Texas, the Trust assumed $25.1 million and $23.3 million of fixed rate mortgage debt, respectively. The loan for the Suites at Overton Park bears interest at 4.2% and initially matures on April 1, 2016. The loan for the Centre at Overton Park bears interest at 5.6% and initially matures on January 1, 2017. If no event of default has occurred by the initial maturity dates we have the option to extend the maturity dates one year at a base rate plus a 2.5% margin. Principal and interest are paid on a monthly basis for both loans.

As of December 31, 2012, the Trust had outstanding variable rate mortgage debt of $36.3 million that was assumed in connection with the acquisition of the GrandMarc at Westberry Place collegiate housing community located at Texas Christian University. The interest rate per year applicable to the loan is equal to a base rate plus a 4.85% margin, in total not to exceed 7.5% per year, and principal and interest are paid on a monthly basis. The loan matures on January 1, 2020. As of December 31, 2012, the interest rate applicable to the loan was 4.95%.

As of December 31, 2012, the Trust had borrowed $16.4 million on a construction loan related to the development of a wholly-owned collegiate housing community in Storrs, Connecticut (The Oaks on the Square). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.25% margin or LIBOR plus a 2.25% margin and is interest only through October 30, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.46%. On October 30, 2015, if certain conditions for extension are met, we have the option to extend the loan until October 31, 2016. On October 30, 2016, if certain conditions are met, we have the option to extend the loan until October 31, 2017. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed $32.7 million on a construction loan related to the development of a jointly owned collegiate housing community in Tuscaloosa, Alabama (East Edge). We are the majority owner and managing member of the joint venture and manage the community now that it is completed. The loan bears interest equal to LIBOR plus a 240 basis point margin and is interest only through June 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.61%. On June 15, 2014, if the debt service ratio is not less than 1.15 to 1 and an extension fee of 12.5 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2015. On June 15, 2015, if the debt service ratio is not less than 1.25 to 1 and an extension fee of 12.5 basis points of the total outstanding principal is paid to the lender, we can extend the loan until June 30, 2016. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had $8.5 million outstanding on a construction loan related to the development of a wholly-owned collegiate housing community at Syracuse University (University Village Apartments on Colvin). The loan bears interest equal to LIBOR plus a 110 basis point margin and was interest only through September 29, 2011. On September 29, 2011, the Trust extended the maturity date until September 29, 2013. Going forward, a debt service coverage ratio, calculated annually on a rolling 12 month basis, of not less than 1.25 to 1 must be maintained with principal and interest being repaid on a monthly basis. As of December 31, 2012, the interest rate applicable to

the loan was 1.31%.

As of December 31, 2012, the Trust had $12.0 million outstanding on a construction loan related to the development of a second wholly-owned collegiate housing community at Syracuse University (Campus West). The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 0.95% margin or LIBOR plus a 1.95% margin and is interest only through November 30, 2014. As of December 31, 2012, the interest rate applicable to the loan was 2.16%. Once the project is complete and the debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

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As of December 31, 2012, the Trust had borrowed $10.6 million on a construction loan related to the development of a jointly owned collegiate housing community near the University of Mississippi (The Retreat). The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The interest rate per year applicable to the loan is, at the option of the Trust, equal to a base rate plus a 1.10% margin or LIBOR plus a 2.10% margin and is interest only through June 12, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.31%. Once the project is complete and a debt service coverage ratio of not less than 1.30 to 1 is maintained, the interest rate will be reduced to a base rate plus a 0.80% margin or LIBOR plus a 1.80% margin at the option of the Trust. If certain conditions for extension are met, the Trust has the option to extend the loan twice for an additional year. During the extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

As of December 31, 2012, the Trust had borrowed $8.9 million on a construction loan related to the development of a jointly owned collegiate housing community near the Arizona State University-Downtown Phoenix campus. The Trust is the majority owner and managing member of the joint venture and will manage the community when completed. The loan bears interest equal to LIBOR plus a 225 basis point margin and is interest only through March 20, 2015. As of December 31, 2012, the interest rate applicable to the loan was 2.50%. On March 20, 2015, if the debt service ratio is not less than 1.35 to 1 and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the Trust may extend the loan until March 20, 2016. On March 20, 2016, if the debt service ratio is not less than 1.45 to 1 and an extension fee of 0.25% of the total outstanding principal is paid to the lender, the Trust can extend the loan until March 20, 2017. During the first and second extension periods, if applicable, principal and interest are to be repaid on a monthly basis.

During the year ended December 31, 2012, the Trust repaid in full $27.0 million of mortgage debt secured by the collegiate housing community referred to as The Lofts located near the University of Central Florida in Orlando, Florida. The debt had a fixed interest rate of 5.59% and was due to mature in May 2014. The Trust also repaid $10.2 million and $4.1 million on construction loans related to the development of a wholly-owned collegiate housing community near Southern Illinois University (The Reserve at Saluki Pointe-Carbondale). The loans bore interest equal to LIBOR plus 110 and 200 basis point margins, respectively, and were due to mature on June 28, 2012. The mortgage debt and construction loans were repaid with proceeds from the Third Amended Revolver and cash on hand.

During the year ended December 31, 2012, the Trust repaid in full $34.0 million of mortgage debt secured by the collegiate housing community referred to as Campus Lodge located near the University of Florida in Gainesville, Florida. The debt had a fixed interest rate of 6.97%, an effective interest rate of 5.48% and was due to mature in May 2012. The mortgage debt was repaid with cash on hand.

During the year ended December 31, 2011, the Trust repaid $18.8 million of mortgage debt bearing a fixed interest rate of 5.55% that was due to mature in March 2012 and was secured by the collegiate housing community referred to as NorthPointe in Tucson, Arizona. The mortgage debt was repaid with proceeds received in connection with the stock offering that was conducted in November 2011 (see Note 2).

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As of December 31, 2011, the Trust had mortgage and construction notes payable consisting of the following which were secured by the underlying collegiate housing properties or leaseholds of:

Property	Outstanding as of December 31, 2011 (in thousands)	Interest Rate	Maturity Date	Amortization
University Towers	$25,000	5.99 %	7/1/2013	30 Year
The Avenue at Southern/The Reserve at Columbia/ The Commons at Knoxville/College Grove	58,131	6.02 %	1/1/2019	30 Year
The Reserve at Perkins	14,940	5.99 %	1/1/2014	30 Year
The Lofts	27,000	5.59 %	5/1/2014	30 Year
College Station at W. Lafayette/The Pointe at Penn State/The Reserve at Star Pass	69,555	6.02 %	1/1/2016	30 Year
Campus Lodge	34,017	6.97 %	5/1/2012	30 Year
Pointe West	10,041	4.92 %	8/1/2014	30 Year
The Reserve on Frankford	7,485	4.96 %	1/1/2015	30 Year
The Reserve at Saluki Pointe – Phase I	10,312	1.38 %	6/28/2012	30 Year
The Reserve at Saluki Pointe – Phase II	4,135	2.28 %	6/28/2012	30 Year
University Village Apartments on Colvin	8,766	1.38 %	9/29/2013	30 Year
Carrollton Crossing/The Commons on Kinnear	16,920	5.45 %	1/1/2017	30 Year
River Pointe/Cape Trails/The Reserve on South College	22,705	5.67 %	1/1/2020	30 Year
The Oaks on the Square	928	2.48 %	10/30/2015	(1)
East Edge	11,630	2.68 %	7/1/2014	(2)
GrandMarc at Westberry Place	36,930	4.85 %	1/1/2020	30 Year
Total debt /weighted average rate	358,495	5.44 %		
Unamortized premium	9			
Total net of unamortized premium	358,504			
Less current portion	(52,288)			
Total long-term debt, net of current portion	$306,216			

(1) The construction debt encumbering The Oaks on the Square is interest only through October 30, 2015, the initial maturity date. The Trust has the ability to extend the construction loan two years if certain criteria are met on the initial maturity date.

(2) The construction debt encumbering East Edge is interest only through July 1, 2014, the initial maturity date. The Trust has the ability to extend the construction loan two years if certain criteria are met on the initial maturity date.

The following table reconciles the carrying amount of mortgage and construction notes payable as of and for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	2012	2011	2010
Balance, beginning of period	$358,504	$367,631	$406,365
Additions	119,607	49,488	—
Repayments of principal	(79,185)	(58,225)	(38,336)
Amortization of premium	(80)	(390)	(398)

Balance, end of period	$398,846	$358,504	$367,631

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The scheduled maturities of outstanding mortgage and construction indebtedness as of December 31, 2012 are as follows (in thousands):

Year	
2013	$37,919
2014	72,912
2015	47,339
2016	91,729
2017	39,757
Thereafter	106,122
Total	395,778
Debt premium	3,068
Outstanding as of December 31, 2012, net of debt premium	$398,846

As of December 31, 2012, the outstanding mortgage and construction debt had a weighted average interest rate of 4.86% and carried a weighted average term of 3.62 years.

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11. Segments

The Trust defines business segments by their distinct customer base and service provided. The Trust has identified three reportable segments: collegiate housing leasing, development consulting services and management services. Management evaluates each segment's performance based on net operating income, which is defined as income before depreciation, amortization, ground leases, impairment losses, interest expense (income), gains (losses) on extinguishment of debt, equity in earnings of unconsolidated entities and noncontrolling interests. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intercompany fees are reflected at the contractually stipulated amounts. Discontinued operations are not included in segment reporting as management addresses these items on a corporate level. The following tables represent the Trust's segment information for the years ended December 31, 2012, 2011 and 2010 (amounts in thousands):

	Year Ended December 31, 2012					Year Ended December 31, 2011				
	Collegiate Housing Leasing	Development Consulting Services	Management Services	Adjustments/ Eliminations	Total	Collegiate Housing Leasing	Development Consulting Services	Management Services	Adjustments/ Eliminations	Total
Segment Revenues:										
Collegiate housing leasing revenue	$131,092	$—	$—	$—	$131,092	$98,491	$—	$—	$—	$98,491
Third-party development consulting services	—	1,018	—	(198)	820	—	5,682	—	(1,579)	4,103
Third-party management services	—	—	3,446	—	3,446	—	—	3,336	—	3,336
Operating expense reimbursements	—	—	—	9,593	9,593	—	—	—	8,604	8,604
Total segment revenues	131,092	1,018	3,446	9,395	144,951	98,491	5,682	3,336	7,025	114,534
Segment operating expenses:										
Collegiate housing leasing operations	63,194	—	—	—	63,194	48,789	—	—	—	48,789
General and administrative	—	3,528	2,779	(44)	6,263	—	2,998	2,667	(75)	5,590
Reimbursable operating expenses	—	—	—	9,593	9,593	—	—	—	8,604	8,604
Total segment operating expenses	63,194	3,528	2,779	9,549	79,050	48,789	2,998	2,667	8,529	62,983
	$67,898	$(2,510)	$667	$(154)	$65,901	$49,702	$2,684	$669	$(1,504)	$51,551

Segment net operating income (loss)(1)										
Total segment assets, as of December 31, 2012 and 2011 (2)(3)	$1,257,476	$5,695	$10,218	$—	$1,273,389	$879,199	$3,007	$5,399	$—	$887,605

(1) The following is a reconciliation of the reportable segments' net operating income to the Trust's consolidated income (loss) before income taxes and discontinued operations for the year ended December 31 (amounts in thousands):

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	2012	2011
Net operating income for reportable segments	$65,901	$51,551
Other unallocated general and administrative expenses	(7,913)	(6,726)
Depreciation and amortization	(35,436)	(25,961)
Ground leases	(6,395)	(5,498)
Nonoperating expenses	(15,322)	(18,647)
Equity in earnings (losses) of unconsolidated entities	(363)	(447)
Income (loss) before income taxes and discontinued operations	$472	$(5,728)

(2) Reconciliation of segment assets to the Trust's total assets:

Total segment assets, end of period (includes goodwill of $2,149 related to management services and $921 related to development consulting services)	$1,273,389	$887,605
Unallocated corporate amounts:		
Cash	8,436	66,469
Notes receivable (see Note 2)	21,000	18,000
Investments in unconsolidated entities (see Note 8)	11,796	29
Deposit (see Note 16)	3,000	—
Other assets	6,017	3,993
Deferred financing costs, net	1,049	1,713
Total assets, end of period	$1,324,687	$977,809

(3) The increase in segment assets related to collegiate housing leasing is primarily related to the purchase of seven additional communities and the continued development of eleven collegiate housing communities for the Trust's ownership offset by the sale of three collegiate housing communities during the year ended December 31, 2012.

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	Year Ended December 31, 2011					Year Ended December 31, 2010				
	Collegiate Housing Leasing	Development Consulting Services	Management Services	Adjustments/ Eliminations	Total	Collegiate Housing Leasing	Development Consulting Services	Management Services	Adjustments/ Eliminations	Total
Segment Revenues:										
Collegiate housing leasing revenue	$98,491	$—	$—	$—	$98,491	$86,347	$—	$—	$—	$86,347
Third-party development consulting services	—	5,682	—	(1,579)	4,103	—	2,788	—	(305)	2,483
Third-party management services	—	—	3,336	—	3,336	—	—	3,189	—	3,189
Operating expense reimbursements	—	—	—	8,604	8,604	—	916	—	13,603	14,519
Total segment revenues	98,491	5,682	3,336	7,025	114,534	86,347	3,704	3,189	13,298	106,538
Segment operating expenses:										
Collegiate housing leasing operations	48,789	—	—	—	48,789	44,703	—	—	—	44,703
General and administrative	—	2,998	2,667	(75)	5,590	—	2,885	3,227	(170)	5,942
Reimbursable operating expenses	—	—	—	8,604	8,604	—	—	—	13,603	13,603
Total segment operating expenses	48,789	2,998	2,667	8,529	62,983	44,703	2,885	3,227	13,433	64,248
Segment net operating income (loss) (1)	$49,702	$2,684	$669	$(1,504)	$51,551	$41,644	$819	$(38)	$(135)	$42,290
Total segment assets, as of December 31, 2011 and 2010 (2)(3)	$879,199	$3,007	$5,399	$—	$887,605	$713,940	$2,778	$4,427	$—	$721,145

(1) The following is a reconciliation of the reportable segments' net operating income to the Trust's consolidated income (loss) before income taxes and discontinued operations for the year ended December 31 (amounts in thousands):

	2011	2010

Net operating income for reportable segments	$51,551	$42,290
Other unallocated general and administrative expenses	(6,726)	(7,431)
Depreciation and amortization	(25,961)	(21,984)
Ground leases	(5,498)	(1,528)
Nonoperating expenses	(18,647)	(19,467)
Equity in earnings (losses) of unconsolidated entities	(447)	(260)
Loss before income taxes and discontinued operations	$(5,728)	$(8,380)

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(2) Reconciliation of segment assets to the Trust’s total assets:		
Total segment assets, end of period (includes goodwill of $2,149 related to management services and $921 related to development consulting services)	$887,605	$721,145
Unallocated corporate amounts:		
Cash	66,469	748
Loan to participating property (see Note 2)	18,000	9,872
Other assets	4,022	3,752
Deferred financing costs, net	1,713	1,163
Total assets, end of period	$977,809	$736,680

(3) The increase in segment assets related to collegiate housing leasing is primarily related to the purchase of eight additional communities and the continued development of six collegiate housing communities for the Trust's ownership offset by the sale of seven collegiate housing communities during the year ended December 31, 2011 (see Note 5).

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12. Related party transactions

The Trust incurs certain common costs on behalf of Allen & O'Hara, Inc. ("A&O"), which is 100% owned by the chairman of the Board of the Trust. These costs relate to human resources, information technology, legal services and certain management personnel. Prior to January 1, 2012, the Trust allocated the costs to A&O based on time and effort expended. Indirect costs were allocated monthly in an amount that approximates what management believes costs would have been had A&O operated on a stand-alone basis. For each of the years ended December 31, 2011 and 2010, the Trust incurred common costs on behalf of A&O in the amount of $0.1 million. For the year ended December 31, 2012, the Trust charged A&O a fee of $54,000 for the services provided.

Prior to December 2012, the Trust engaged A&O to procure furniture, fixtures and equipment from third party vendors for its owned and managed properties and for third-party owners in connection with its development consulting projects. The Trust incurred a service fee in connection with this arrangement and the expense totaled $0.2 million for each of the years ended December 31, 2012, 2011 and 2010. As of December 2012, the Trust will no longer engage A&O to perform these services.

13. Lease commitments and unconditional purchase obligations

The Trust has various long-term ground lease agreements with terms ranging from 40 to 99 years. Some of these agreements contain an annual increase to rent expense equal to the greater of 3% or the increase in the consumer price index. Additionally, the Trust leases corporate office space and the agreement contains rent escalation clauses based on pre-determined annual rate increases. The Trust recognizes rent expense under the straight-line method over the terms of the leases. Any difference between the straight-line rent amounts and amounts payable under the leases' terms are recorded as deferred rent in accrued expenses in the accompanying consolidated balance sheets. As of December 31, 2012 and 2011, deferred rent totaled $10.5 million and $5.2 million, respectively.

The Trust has various operating leases for furniture, office and technology equipment which expire at varying times through fiscal year 2016. Rental expense under the operating lease agreements totaled $0.8 million, $0.6 million and $0.6 million for the years ended December 31, 2012, 2011 and 2010. Furthermore, the Trust has entered into various contracts for advertising which will expire at varying times through fiscal year 2013.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms as well as future minimum payments required under advertising contracts that have noncancellable terms in excess of one year as of December 31, 2012 are as follows (in thousands):

Year Ending	Advertising	Leases
2012	$176	$12,387
2013	24	10,294
2014	—	8,720
2015	—	7,492
2016	—	7,500
Thereafter	—	503,015

14. Employee savings plan

The Trust's eligible employees may participate in a 401(k) savings plan (the "Plan"). Participants may contribute up to 15% of their earnings to the Plan. Employees are eligible to participate in the Plan on the first day of the next calendar quarter following six months of service and reaching 21 years of age. Additionally a matching contribution of 50% is provided on eligible employees' contributions up to the first 3% of compensation. Employees vest in the matching contribution over a 3-year period. Matching contributions were approximately $0.2 million for each of the years ended December 31, 2012, 2011 and 2010.

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15. Accrued expenses

Accrued expenses consist of the following as of December 31, 2012 and 2011 (in thousands):

	2012	2011
Payroll	$2,070	$2,611
Real estate taxes	5,421	3,850
Interest	1,780	1,827
Utilities	1,111	893
Ground leases	9,554	5,191
Construction loan guarantee	3,000	3,000
Assets under development	19,312	5,330
Deferred revenue related to insurance proceeds (See Note 16)	3,860	—
Other	9,266	5,131
Total accrued expenses	$55,374	$27,833

16. Commitments and contingencies

In July 2012, the Trust's 3949 Lindell community located in St. Louis, Missouri was destroyed by a fire, which is currently in the process of being rebuilt. This fire caused substantial business interruption and property damage, both of which are covered under the Trust's existing insurance policies. Management anticipates that the ultimate proceeds received from insurance will exceed the book value of the property destroyed, and accordingly a gain on insurance settlement will be recorded in a future period. Management anticipates that the gain will be recorded during 2013, once all contingencies have been resolved and the amount of the gain is determinable.

The Operating Partnership entered into a letter of credit agreement in conjunction with the closing of the acquisition of a collegiate housing community at the University of Florida. As of December 31, 2012, the mortgage debt on this community was repaid (see Note 10), and the $1.5 million letter of credit is no longer outstanding.

The Operating Partnership serves as non-recourse, carve-out guarantor, for secured third party debt in the amount of $24.3 million, held by one unconsolidated joint venture. The Operating Partnership is liable to the lender for any loss, damage, cost, expense, liability, claim or other obligation incurred by the lender arising out of or in connection with certain non-recourse exceptions in connection with the debt. Pursuant to the respective operating agreement, the joint venture partner agreed to indemnify, defend and hold harmless the Trust with respect to such obligations, except to the extent such obligations were caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates. Therefore, exposure under the guarantee for obligations not caused by the willful misconduct, gross negligence, fraud or bad faith of the Operating Partnership or its employees, agents or affiliates is not expected to exceed the Operating Partnership’s proportionate interest in the related mortgage debt of $6.1 million.

In connection with the development agreement entered into on July 14, 2010 for a project at the Science + Technology Park at Johns Hopkins Medical Institute (see Note 2), the Trust has committed to provide a guarantee of repayment of a $42.0 million third-party construction loan for a $3.0 million fee of which the carrying value approximates fair value. The guarantee fee will not be recognized until the second mortgage loan is repaid. The project will have a $2.5 million reserve to fund any operating or debt service shortfalls that are to be replenished annually by East Baltimore Development, Inc., until a 1.10 debt service coverage ratio is achieved for twelve consecutive months. The second mortgage loan and related debt service are the first at risk if such reserve is not adequate to cover operating expenses and debt service on the construction loan.

In connection with the condominium agreement related to The Oaks on the Square project in Storrs, Connecticut (see Note 4) the Operating Partnership and LeylandAlliance LLC have jointly committed to provide a guarantee of repayment of a $46.4 million construction loan to develop the residential and retail portions of the project. As of December 31, 2012 and 2011, $22.7 million and $1.5 million, respectively, had been drawn on the construction loan of which $6.3 million and $0.6 million, respectively, is attributable to LeylandAlliance LLC; these amounts are not included in our accompanying consolidated financial statements.

As owners and operators of real estate, environmental laws impose ongoing compliance requirements on the Trust. The Trust is

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not aware of any environmental matters or liabilities with respect to the collegiate housing communities that would have a material adverse effect on the Trust's consolidated financial condition or results of operations.

In the normal course of business, the Trust is subject to claims, lawsuits and legal proceedings. While it is not possible to ascertain the ultimate outcome of such matters, in management's opinion, the liabilities, if any, are not expected to have a material effect on our financial position, results of operations or liquidity.

Under the terms of the limited partnership agreement of University Towers Operating Partnership, LP, so long as the contributing owners of such property hold at least 25% of the University Towers Partnership Units, the Trust has agreed to maintain certain minimum amounts of debt on the property to avoid triggering gain to the contributing owners. If the Trust fails to do this, the Trust must repay the contributing owners the amount of taxes they incur.

After being awarded a development consulting contract, the Trust will enter into predevelopment consulting contracts with educational institutions to develop collegiate housing communities on their behalf. The Trust will enter into reimbursement agreements that provide for the Trust to be reimbursed for the predevelopment costs incurred prior to the institution's governing body formally approving the final development contract. As of December 31, 2012 and 2011, the Trust had reimbursable predevelopment costs of $3.5 million and $0.1 million, respectively, which are reflected in other assets in the accompanying consolidated balance sheets.

17. Quarterly financial information (unaudited)

Quarterly financial information for the years ended December 31, 2012 and 2011 is summarized below (in thousands, except per share data):

2012	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Revenues	$34,931	$33,219	$33,683	$43,118	$144,951
Operating expenses	28,979	29,577	35,731	34,507	128,794
Nonoperating expenses	4,438	3,729	3,533	3,622	15,322
Equity in earnings (losses) of unconsolidated entities[1]	(263)	(38)	(39)	(23)	(363)
Income taxes expense/(benefit)	(75)	(404)	(638)	233	(884)
Noncontrolling interests	226	(80)	(119)	189	216
Discontinued operations[3]	788	897	5,352	244	7,281
Net income attributable to Education Realty Trust, Inc.	$1,888	$1,256	$489	$4,788	$8,421
Net income per share-basic and diluted	$0.02	$0.01	$0.01	$0.04	$0.08

2011	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Revenues	$27,973	$26,813	$27,055	$32,693	$114,534
Operating expenses	22,891	23,481	28,291	26,505	101,168
Nonoperating expenses	5,061	4,606	4,491	4,489	18,647
Equity in earnings (losses) of unconsolidated entities[2]	5	(23)	(390)	(39)	(447)
Income taxes expense/(benefit)	153	(371)	(60)	183	(95)
Noncontrolling interests	211	(60)	(91)	179	239
Discontinued operations[3]	993	1,442	(500)	(7,077)	(5,142)
Net income (loss) attributable to Education Realty Trust, Inc.	$655	$576	$(6,466)	$(5,779)	$(11,014)

Net income (loss) per share-basic and diluted	$0.01	$0.01	$(0.09)	$(0.07)	$(0.15)

(1) Equity in earnings (losses) for the 1st quarter of 2012 include the Trust's $88 share of the loss on the sale of assets.

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(2) Equity in earnings (losses) for the 3rd quarter of 2011 include the Trust's $256 share of the loss on the sale of assets.

(3) All quarterly information presented above for 2012 and 2011 reflects the classification of the properties sold during 2012 and 2011 in discontinued operations (see Note 5). Discontinued operations for the 4th quarter of 2011 includes an impairment loss of $7,859.

18. Subsequent events

Our Board declared a fourth quarter distribution of $0.10 per share of common stock for the quarter ended on December 31, 2012. The distribution was paid on February 15, 2013 to stockholders of record at the close of business on January 31, 2013.

On January 14, 2013, the Operating Partnership entered into an amended and restated credit agreement. The previous facility was unsecured, had a maximum availability of $175 million and was scheduled to mature on September 21, 2014. The amended and restated credit agreement is unsecured, has a maximum availability of $375 million and within the first four years of the agreement may be expanded to $500 million upon satisfaction of certain conditions. The amended and restated credit agreement matures on January 14, 2017, provided that the Operating Partnership may extend the maturity date for one year subject to certain conditions.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

The Trust maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Trust's filings under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to ensure that such information is accumulated and communicated to the Trust's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Trust also has investments in unconsolidated entities which are not under its control. Consequently, the Trust's disclosure controls and procedures with respect to these entities are necessarily more limited than those it maintains with respect to its consolidated subsidiaries.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Trust's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) of the Exchange Act) as of December 31, 2012. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2012, the Trust's disclosure controls and procedures were effective in causing material information relating to the Trust to be recorded, processed, summarized and reported by management on a timely basis and to ensure the quality and timeliness of our public disclosures with SEC disclosure obligations.

Changes in Internal Control Over Financial Reporting

There were no changes in the Trust's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended December 31, 2012 that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management's report on our internal control over financial reporting is included in Item 8, Financial Statements and Supplementary Data, of this Annual Report.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item will be presented in the Trust's definitive proxy statement for the annual meeting of stockholders to be held on May 8, 2013, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item will be presented in the Trust's definitive proxy statement for the annual meeting of stockholders to be held on May 8, 2013, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

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Equity Compensation Plan Information

The following table provides information related to securities available and outstanding under EdR's equity compensation plans as of December 31, 2012:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)	
Equity compensation plans approved by security holders	268,000	(1)	—	(2)	3,560,144	(3)
Equity compensation plans not approved by security holders	—		—		N/A	(4)
Total	268,000		—		3,560,144	

(1) Represents up to 268,000 shares of common stock subject to outstanding equity awards granted pursuant to our 2011 Long-Term Incentive Plan and 2010 Long-Term Incentive Plan.

(2) Does not account for the potential 268,000 shares of common stock subject to outstanding restricted stock units granted pursuant to our 2011 Long-Term Incentive Plan and 2010 Long-Term Incentive Plan.

(3) Includes 244,805 shares of common stock available for issuance under the Education Realty Trust, Inc. Employee Stock Purchase Plan and 3,315,339 shares available for issuance under the Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan.

(4) Does not include 50,000 shares of restricted common stock which were granted to Randy Churchey on January 12, 2010 pursuant to an inducement award.

Except as set forth above, the information required by this Item will be presented in the Trust's definitive proxy statement for the annual meeting of stockholders to be held on May 8, 2013, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item will be presented in the Trust's definitive proxy statement for the annual meeting of stockholders to be held on May 8, 2013, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information required by this Item will be presented in the Trust's definitive proxy statement for the annual meeting of stockholders to be held on May 8, 2013, which will be filed with the Securities and Exchange Commission and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)List of Documents Filed.

1.Financial Statements
All financial statements as set forth under Item 8 of this Annual Report on Form 10-K.

2.Financial Statement Schedules
All schedules required are included in the financial statements and notes thereto.

3.Exhibits
The list of exhibits filed as part of this Annual Report on Form 10-K is submitted in the Exhibit Index in response to Item 601 of Regulation S-K.

(b)Exhibits.
The exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.

(c)None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Education Realty Trust, Inc.

Date: February 28, 2013 By: /s/ Randy Churchey

Randy Churchey
President, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Date
/s/ Randy Churchey Randy Churchey President, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2013
/s/ Randall H. Brown Randall H. Brown Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer)	February 28, 2013
/s/ J. Drew Koester J. Drew Koester Senior Vice President, Assistant Secretary and Chief Accounting Officer (Principal Accounting Officer)	February 28, 2013
/s/ Paul O. Bower Paul O. Bower Chairman of the Board of Directors	February 28, 2013
/s/ Monte J. Barrow Monte J. Barrow Director	February 28, 2013
/s/ William J. Cahill, III William J. Cahill, III Director	February 28, 2013
/s/ John L. Ford John L. Ford Director	February 28, 2013
/s/ Howard A. Silver	February 28, 2013

Howard A. Silver
Director

/s/ Wendell W. Weakley — February 28, 2013
Wendell W. Weakley
Director

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INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Second Articles of Amendment and Restatement of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 3.1 to the Trust's Amendment No. 2 to its Registration Statement on Form S-11 (File No. 333-119264), filed on December 10, 2004.)
3.2	Amended and Restated Bylaws of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 3.2 to the Trust's Current Report on Form 8-K, filed on February 20, 2009.)
4.1	Form of Certificate for Common Stock of Education Realty Trust, Inc. (Incorporated by reference to Exhibit 4.1 to the Trust's Annual Report on Form 10-K filed on March 16, 2010.)
10.1	Amended and Restated Agreement of Limited Partnership of Education Realty Operating Partnership, LP. (Incorporated by reference to Exhibit 10.1 to the Trust's Annual Report on Form 10-K, filed on March 16, 2009.)
10.2	First Amendment to Amended and Restated Agreement of Limited Partnership of Education Realty Operating Partnership, LP. (Incorporated by reference to Exhibit 10.2 to the Trust's Quarterly Report on Form 10-Q, filed on August 1, 2008.)
10.3	Amended and Restated Agreement of Limited Partnership of University Towers Operating Partnership, LP. (Incorporated by reference to Exhibit 10.2 to the Trust's Registration Statement on Form S-11 (File No. 333-119264), filed on September 24, 2004.)
10.4(1)	Education Realty Trust, Inc. 2004 Incentive Plan. (Incorporated by reference to Exhibit 10.3 to the Trust's Amendment No. 4 to its Registration Statement on Form S-11. (File No. 333-119264), filed on January 11, 2005.)
10.5(1)	Form of Indemnification Agreement between Education Realty Trust, Inc. and its directors and officers. (Incorporated by reference to Exhibit 10.4 to the Trust's Amendment No. 1 to its Registration Statement on Form S-11 (File No. 333-119264), filed on November 4, 2004.)
10.6(1)	Executive Employment Agreement between Education Realty Trust, Inc. and Randall L. Churchey, effective as of January 1, 2010. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 12, 2010.)
10.7(1)	Executive Employment Agreement between Education Realty Trust, Inc. and Randall H. Brown, effective as of January 1, 2011. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)
10.8(1)	Amended and Restated Executive Employment Agreement between Education Realty Trust, Inc. and Thomas Trubiana, effective as of January 1, 2013. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 2, 2013.)
10.9(1)	Executive Employment Agreement between Education Realty Trust, Inc. and J. Drew Koester, effective as of January 1, 2011. (Incorporated by reference to Exhibit 10.3 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)
10.10(1)	Executive Employment Agreement between Education Realty Trust, Inc. and Christine Richards, effective as of January 1, 2011. (Incorporated by reference to Exhibit 10.4 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)
10.11(1)	Restricted Stock Award Agreement between Education Realty Trust, Inc. and Randall L. Churchey, dated as of January 12, 2010. (Incorporated by reference to Exhibit 10.2 to the Trust's Current Report on Form 8-K, filed on January 12, 2010.)
10.12	Contribution Agreement dated as of September 24, 2004, by and among University Towers Operating Partnership, LP, Allen & O'Hara, Inc., Paul O. Bower, Clyde C. Porter, Robert D. Bird, Thomas J. Hickey, Barbara S. Hays and Hays Enterprises III, Ltd. (Incorporated by reference to Exhibit 10.8 to the Trust's Amendment No. 2 to its Registration Statement on Form S-11 (File No. 333-119264), filed on December 10, 2004.)

10.13	Contribution Agreement dated as of September 20, 2004, by and between Melton E. Valentine, Jr. and University Towers Operating Partnership, LP. (Incorporated by reference to Exhibit 10.9 to the Trust's Amendment No. 2 to its Registration Statement on Form S-11 (File No. 333-119264), filed on December 10, 2004.)
10.14(1)	Incentive Compensation Plan for Executive Officers. (Incorporated by reference to Exhibit 10.38 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)
10.15(1)	Form of Restricted Stock Award Agreement. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K filed on August 17, 2006.)
10.16(1)	Education Realty Trust, Inc. 2010 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.40 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)

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Exhibit Number	Description
10.17(1)	Form of Restricted Stock Award Agreement (Time-Vested Restricted Stock) for the Education Realty Trust, Inc. 2010 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.41 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)
10.18(1)	Form of Restricted Stock Unit Award Agreement (Performance-Vested Restricted Stock) for the Education Realty Trust, Inc. 2010 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.42 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)
10.19(1)	Restricted Stock Award Agreement between Education Realty Trust, Inc. and Randall L. Churchey, dated as of April 13, 2010. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on April 14, 2010.)
10.20(1)	Education Realty Trust, Inc. 2011 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.6 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)
10.21(1)	Form of Restricted Stock Award Agreement (Time-Vested Restricted Stock) for the Education Realty Trust, Inc. 2011 and 2012 Long-Term Incentive Plans. (Incorporated by reference to Exhibit 10.7 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)
10.22(1)	Form of Restricted Stock Unit Award Agreement (Performance-Vested Restricted Stock) for the Education Realty Trust, Inc. 2011 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.8 to the Trust's Current Report on Form 8-K, filed on January 3, 2011.)
10.23	Promissory Note, 929 N. Wolfe Street LLC and Education Realty Operating Partnership, LP, dated as of July 14, 2010. (Incorporated by reference to Exhibit 10.4 to the Trust's Quarterly Report on Form 10-Q, filed on August 6, 2010.)
10.24	Purchase and Sale Agreement, by and between EDR Berkeley Place Limited Partnership, Western Place, LLC, Statesboro Place, LLC, EDR BG, LP and KAREP REIT I, Inc. dated as of October 8, 2010. (Incorporated by reference to Exhibit 10.1 to the Trust's Quarterly Report on Form 10-Q, filed on November 5, 2010.)
10.25	Purchase and Sale Agreement, by and between Troy Place (DE), LLC, Jacksonville Place (DE), LLC, Martin Place (DE), LLC, Murray Place (DE), LLC, EDR Clemson Place Limited Partnership and KAREP REIT I, Inc. (Incorporated by reference to Exhibit 10.2 to the Trust's Quarterly Report on Form 10-Q, filed on November 5, 2010.)
10.26	Agreement to Guarantee Loan, entered into as of July 14, 2010, by and between 929 N. Wolfe Street LLC and Education Realty Operating Partnership, LP. (Incorporated by reference to Exhibit 10.4 to the Trust's Quarterly Report on Form 10-Q, filed on November 5, 2010.)
10.27	Master Credit Facility Agreement, dated as of December 31, 2008, by and among Education Realty Trust, Inc., Education Realty Operating Partnership, LP and certain subsidiaries, and Red Mortgage Capital, Inc. (Incorporated by reference to Exhibit 10.35 to the Trust's Annual Report on Form 10-K, filed on March 16, 2009.)
10.28	Amended and Restated Master Credit Facility Agreement, dated as of December 2, 2009, by and among Education Realty Trust, Inc., Education Realty Operating Partnership, LP and certain subsidiaries, Red Mortgage Capital, Inc. and Fannie Mae. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on December 8, 2009.)
10.29	Amendment No. 1 to Amended and Restated Master Credit Facility Agreement, dated as of February 25, 2010, by and among Education Realty Trust, Inc., Education Realty Operating Partnership, LP and certain subsidiaries, Red Mortgage Capital, Inc. and Fannie Mae. (Incorporated by reference to Exhibit 10.45 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)
10.30(1)	Amendment No. 1 to the Education Realty Trust, Inc. 2004 Incentive Plan. (Incorporated by reference to Exhibit 10.47 to the Trust's Annual Report on Form 10-K, filed on March 16, 2010.)
10.31	Education Realty Trust Deferred Compensation Plan, effective as of October 1, 2011. (Incorporated by reference to Exhibit 10.55 to the Trust's Annual Report on Form 10-K, filed on March 8, 2012.)

10.32	Third Amended and Restated Credit Agreement, dated as of September 21, 2011, among Education Realty Operating Partnership, LP, and certain of its subsidiaries as borrowers, the lenders party thereto and KeyBank, National Association as administrative agent. (Incorporated by reference to Exhibit 10.1 to the Trust’s Current Report on Form 8-K filed on September 26, 2011.)
10.33(1)	Education Realty Trust, Inc. 2012 Long-Term Incentive Plan. (Incorporated by reference to Exhibit 10.57 to the Trust's Annual Report on Form 10-K, filed on March 8, 2012).
10.34(1)	Amendment to the Education Realty Trust, Inc. 2010 and 2011 Long-Term Incentive Plans. (Incorporated by reference to Exhibit 10.58 to the Trust's Annual Report on Form 10-K, filed on March 8, 2012).

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Exhibit Number	Description
10.35	First Amendment to Third Amended and Restated Credit Agreement, dated as of August 7, 2012, among Education Realty Operating Partnership, LP, and certain of its subsidiaries as borrowers, the lenders party thereto and KeyBank, National Association as administrative agent. (Incorporated by reference to Exhibit 10.1 to the Trust's Quarterly Report on Form 10-Q, filed on November 6, 2012.)
10.36	Fourth Amended and Restated Credit Agreement, dated as of January 4, 2013, among Education Realty Operating Partnership, LP, and certain of its subsidiaries as borrowers, the lenders party thereto and KeyBank, National Association as administrative agent. (Incorporated by reference to Exhibit 10.1 to the Trust's Current Report on Form 8-K, filed on January 15, 2013.)
10.37(1)	Education Realty Trust, Inc. 2013 Long-Term Incentive Plan, filed herewith.
10.38(1)	Education Realty Trust, Inc. Annual Incentive Plan, filed herewith.
10.39(1)	Education Realty Trust, Inc. 2011 Omnibus Equity Incentive Plan. (Incorporated by reference to Exhibit 99.1 to the Trust's Registration Statement on Form S-8 (file No. 333-173932), filed on May 4, 2011.)
11	Statement Regarding Computation of Per Share Earnings (included within Annual Report on Form 10-K).
12	Statement Regarding Computation of Ratios, filed herewith.
14	Code of Business Conduct and Ethics (Incorporated by reference to Exhibit 14 to the Trust’s Annual Report on Form 10-K, filed on March 16, 2009.)
21.1	List of Subsidiaries of the Trust, filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm, Deloitte & Touche LLP, filed herewith.
31.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
	101. INS XBRL Instance Document* (2)
	101. SCH XBRL Taxonomy Extension Schema Document* (2)
	101.CAL XBRL Taxonomy Extension Calculation Linkbase Document* (2)
	101.LAB XBRL Taxonomy Extension Label Linkbase Document* (2)
	101.PRE XBRL Taxonomy Extension Presentation Linkbase Document* (2)
	101.DEF XBRL Taxonomy Extension Definition Linkbase Document* (2)

(1) Denotes a management contract or compensatory plan, contract or arrangement.

(2) In accordance with the temporary hardship exemption provided by Rule 201 of Regulation S-T, the date by which the interactive data file is required to be submitted has been extended by six business days.

* Attached as Exhibit 101 to this Annual Report on Form 10-K are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2012 and 2011, (ii) the Consolidated Statements of Operations for the years ended December 31, 2012, 2011 and 2010, (iii) the Consolidated Statements of Changes in Equity for the years ended December 31, 2012, 2011 and 2010, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010 and (v) the Notes to Consolidated Financial Statements.

Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as

amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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