

CANADIAN IMPERIAL BANK OF COMMERCE /CAN/
Form 424B3
April 30, 2015
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-202584

Prospectus Supplement to Prospectus Dated April 30, 2015

CANADIAN IMPERIAL BANK OF COMMERCE

US\$2,000,000,000

Senior Global Medium-Term Notes (Structured Notes)

Terms of Sale

Canadian Imperial Bank of Commerce (the *Bank*) may from time to time offer and sell notes with various terms, including the following:

stated maturity of 9 months or longer, except that indexed notes may have maturities of less than nine months

fixed or floating interest rate, zero-coupon or issued with original issue discount

amount of principal and/or interest may be determined by reference to a market measure consisting of one or more securities, one or more currencies, one or more commodities, any other financial, economic or other measures or instruments including the occurrence or non-occurrence of any event or circumstance, and/or indices or baskets of any of these items

ranked as senior indebtedness of the Bank
book-entry form only through The Depository Trust Company

redemption at the option of the Bank or the option of the holder

interest on notes paid monthly, quarterly, semi-annually or annually

unless otherwise set forth in the applicable pricing supplement, minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof (except that non-U.S. investors may be subject to higher minimums)

denominated in a currency other than U.S. dollars or in a composite currency

settlement in immediately available funds or by physical delivery

The final terms of each note will be included in a pricing supplement together with, in some cases, an applicable product prospectus supplement. We refer to pricing supplements and applicable product prospectus supplements, if any, as pricing supplements. See Supplemental Plan of Distribution for additional information about the agents' commissions. The aggregate initial offering price of the notes is subject to reduction as a result of the sale by the Bank of other debt securities pursuant to another prospectus supplement to the accompanying prospectus.

See Risk Factors beginning on page S-1 to read about factors you should consider before investing in any notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.

The notes will not constitute deposits insured under the Canada Deposit Insurance Corporation Act or by the United States Federal Deposit Insurance Corporation or any other Canadian or United States governmental agency or instrumentality.

The Bank may sell the notes directly or through one or more agents or dealers, as described in Supplemental Plan of Distribution. The agents are not required to sell any particular amount of the notes.

The Bank may use this prospectus supplement in the initial sale of any notes. In addition, CIBC World Markets Corp. or any other affiliate of the Bank may use this prospectus supplement and accompanying prospectus in a market-making or other transaction in any note after its initial sale. Unless we or our agent informs the purchaser otherwise in the confirmation of sale or pricing supplement, this prospectus supplement and the accompanying prospectus are being used in a market-making transaction.

The date of this prospectus supplement is April 30, 2015.

Table of Contents

TABLE OF CONTENTS

	Page
Prospectus Supplement	
<u>About This Prospectus Supplement</u>	S-1
<u>Risk Factors</u>	S-1
<u>Use of Proceeds</u>	S-7
<u>Description of the Notes We May Offer</u>	S-7
<u>Certain Income Tax Consequences</u>	S-26
<u>Supplemental Plan of Distribution (Conflicts of Interest)</u>	S-32
Prospectus	
<u>About this Prospectus</u>	i
<u>Forward-Looking Statements</u>	i
<u>Available Information</u>	iii
<u>Documents Incorporated by Reference</u>	iv
<u>Presentation of Financial Information</u>	iv
<u>Canadian Imperial Bank of Commerce</u>	1
<u>Risk Factors</u>	1
<u>Use of Proceeds</u>	1
<u>Ratios of Earnings to Fixed Charges</u>	1
<u>Consolidated Capitalization</u>	2
<u>Description of Senior Debt Securities</u>	3
<u>Plan of Distribution</u>	18
<u>Benefit Plan Investor Considerations</u>	21
<u>Limitations on Enforcement of U.S. Laws Against CIBC, its Management and Others</u>	22
<u>Legal Matters</u>	23
<u>Experts</u>	23

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus and, if applicable, a product prospectus supplement, provide you with a general description of the notes we may offer. Each time we sell notes we will provide a pricing supplement containing specific information about the terms of the notes being offered. Each pricing supplement may include a discussion of any risk factors or other special considerations that apply to those notes. The pricing supplement may also add, update or change the information in this prospectus supplement and any applicable product prospectus supplement. If there is any inconsistency between the information in this prospectus supplement or any applicable product prospectus supplement and any pricing supplement, you should rely on the information in that pricing supplement. In this prospectus supplement when we refer to this prospectus supplement we are also referring to any applicable product prospectus supplement unless the context otherwise requires.

RISK FACTORS

General Risks Relating to the Notes

An Investment in the Notes Is Subject to Our Credit Risk

An investment in any of the notes issued under our medium-term note program is subject to our credit risk. The value of the notes may be impacted by market perception of our creditworthiness. If market perception of our creditworthiness were to decline for any reason, the value of your notes may be adversely affected. If we default on our obligations under the notes, you may not receive any amounts owed to you under the notes.

Non-Conventional Debt Securities

The notes may not be conventional debt securities. If specified in the relevant pricing supplement, the notes may provide no assurance that any of the principal amount of the notes will be paid at or before maturity. In addition, the notes may not provide holders with a return or income stream prior to maturity calculated by reference to a fixed or floating rate of interest determinable prior to maturity. The notes, unlike traditional debt obligations, may be speculative or uncertain in that they could produce no return on a holder's original investment or not repay any principal amount at or before maturity. Prospective purchasers are directed to the relevant pricing supplement for the specific terms of the relevant securities, including any risk factors set out therein.

Market for Notes

Unless otherwise specified in the relevant pricing supplement, there may be no market through which the notes may be sold and holders may not be able to sell notes. This may affect the pricing of the notes in the secondary market, the transparency and availability of trading prices, the liquidity of the notes, and the extent of issuer regulation.

No Deposit Insurance

The notes will not constitute savings accounts, deposits or other obligations that are insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any other governmental agency or under the Canada Deposit Insurance Corporation Act, the Bank Act (Canada) or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution. Therefore, you will not be entitled to insurance from the Federal Deposit Insurance Corporation or the Canada Deposit Insurance Corporation or other such protection, and as a result, you could lose all or a portion of your investment.

Table of Contents

Risks Relating to Indexed Notes

We use the term *indexed notes* to mean notes whose value is linked to an underlying property or index. Indexed notes may present a high level of risk, and those who invest in indexed notes may lose all or a portion of their investment and may receive no interest on their investment. In addition, the treatment of indexed notes for U.S. federal income tax purposes is often unclear due to the absence of any authority specifically addressing the issues presented by any particular indexed note. While the material U.S. and Canadian federal income tax consequences of the purchase, ownership or disposition of an indexed note will be described in the applicable pricing supplement, you should independently evaluate the U.S. and Canadian federal income tax consequences that apply in your particular circumstances.

Investors in Indexed Notes Could Lose Their Investment

The amount of principal and/or interest payable on an indexed note and the cash and/or physical settlement value will be determined by reference to the price, value or level of one or more securities, currencies, commodities or other properties, any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance, and/or one or more indices or baskets of any of these items. We refer to each of these as an *index*. The direction and magnitude of the change in the price, value or level of the relevant index will determine the amount of principal and/or interest payable on the indexed note, and the cash and/or physical settlement value of an indexed note. The terms of a particular indexed note may or may not include a guaranteed return of a percentage of the face amount at maturity or a minimum interest rate. Thus, if you purchase a particular indexed note that does not include a guaranteed return of the face amount or other amount, you may lose all or a portion of the principal or other amount you invest and may receive no interest on your investment.

The Return on Indexed Notes May Be Below the Return on Similar Notes

Depending on the terms of an indexed note, as specified in the applicable pricing supplement, you may not receive any periodic interest payments or receive only very low payments on such indexed note. As a result, the overall return on such indexed note may be less than the amount you would have earned by investing the principal or other amount you invest in such indexed note in a non-indexed debt security that bears interest at a prevailing market fixed or floating rate.

The Issuer of a Security or Currency That Comprises an Index Could Take Actions That May Adversely Affect an Indexed Note

The issuer of a security that comprises an index or part of an index for an indexed note will have no involvement in the offer and sale of the indexed note and no obligations to the holder of the indexed note. Such an issuer may take actions, such as a merger or sale of assets, without regard to the interests of the holder of the indexed note. Any of these actions could adversely affect the value of a note indexed to that security or to an index of which that security is a component.

If the index for an indexed note includes a non-U.S. dollar currency or other asset denominated in a non-U.S. dollar currency, the government that issues that currency will also have no involvement in the offer and sale of the indexed note and no obligations to the holder of the indexed note. That government may take actions that could adversely affect the value of the note. See *Risks Relating to Notes Denominated or Payable in a Non-U.S. Dollar Currency* below for more information about these kinds of government actions.

Investors in Indexed Notes Will Have No Ownership of the Underlying Securities

Investing in an indexed note will not entitle a holder to any direct or indirect ownership or entitlement to the underlying securities, except as specified in the relevant pricing supplement. A holder will not be entitled to the rights and benefits of a holder of the underlying securities, including any right to receive any distributions or dividends or to vote at or attend any meetings of holders of the underlying securities.

Table of Contents

An Indexed Note May Be Linked to a Volatile Index, Which Could Hurt Your Investment

Some indices are highly volatile, which means that their value may change significantly, up or down, over a short period of time. The amount of principal and/or interest that can be expected to become payable on an indexed note may vary substantially from time to time. Because the amounts payable with respect to an indexed note are generally calculated based on the value or level of the relevant index on a specified date or over a limited period of time, volatility in the index increases the risk that the return on the indexed note may be adversely affected by a fluctuation in the level of the relevant index. The volatility of an index may be affected by political or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of an indexed note.

An Index to Which a Note Is Linked Could Be Changed or Become Unavailable

Some indices sponsored by us or our affiliates or third parties may consist of or refer to several or many different securities, commodities or currencies or other instruments or measures. The sponsor of such an index typically reserves the right to alter the composition of the index and the manner in which the value or level of the index is calculated. An alteration may result in a decrease in the value of or return on an indexed note that is linked to the index. The indices for our indexed notes may include published indices of this kind or customized indices developed by us or our affiliates in connection with particular issues of indexed notes.

A published index may become unavailable, or a customized index may become impossible to calculate in the normal manner, due to events such as war, natural disasters, cessation of publication of the index, a suspension or disruption of trading in one or more securities, commodities or currencies or other instruments or measures on which the index is based or any other market disruption event described in the relevant pricing supplement. If an index becomes unavailable or impossible to calculate in the normal manner, the terms of a particular indexed note may allow us to delay determining the amount payable as principal or premium or interest on an indexed note, or we may use an alternative method to determine the value of the unavailable index. Alternative methods of valuation are generally intended to produce a value similar to the value resulting from reference to the relevant index. However, it is unlikely that any alternative method of valuation we use will produce a value identical to the value that the actual index would have produced. If we use an alternative method of valuation for a note linked to an index of this kind, the value of the note, or the rate of return on it, may be lower than it otherwise would be.

Some indexed notes are linked to indices that are not commonly used or that have been developed only recently. The lack of a trading history may make it difficult to anticipate the volatility or other risks associated with an indexed note of this kind. In addition, trading in these indices or their underlying stocks, commodities or currencies or other instruments or measures, or options or futures contracts on these stocks, commodities or currencies or other instruments or measures, may be limited, which could increase their volatility and decrease the value of the related indexed notes or the rates of return on them.

Pricing Information About the Property Underlying a Relevant Index May Not Be Available

Special risks may also be presented because of differences in time zones between the United States and the market for the property underlying the relevant index, such that the underlying property is traded on a foreign exchange that is not open when the trading market for the notes in the United States, if any, is open or where trading occurs in the underlying property during times when the trading market for the notes in the United States, if any, is closed. In such cases, holders of the notes may have to make investment decisions at a time when current pricing information regarding the property underlying the relevant index is not available.

We May Engage in Hedging Activities that Could Adversely Affect an Indexed Note

In order to hedge an exposure on a particular indexed note, we may, directly or through our affiliates or other agents, enter into transactions involving the securities, commodities or currencies or other instruments or measures that underlie the index for the note, or involving derivative instruments, such as swaps, options or

Table of Contents

futures, on the index or any of its component items. To the extent that we enter into hedging arrangements with a non-affiliate, including a non-affiliate agent, such non-affiliate may enter into similar transactions. Engaging in transactions of this kind could adversely affect the value of an indexed note. It is possible that we or the hedging counterparty could achieve substantial returns and/or fees from our hedging transactions while the value of the indexed note may decline. However, neither we nor any of our affiliates or other agents will be obliged to hedge our exposure under an indexed note nor is there any assurance that any hedging transaction will be maintained or successful.

Information About Indices May Not Be Indicative of Future Performance

If we issue an indexed note, we may include historical information about the relevant index in the relevant pricing supplement. Any information about indices that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in the relevant index that may occur in the future or indicative of any payment of principal or interest to be paid on the indexed notes.

We May Have Conflicts of Interest Regarding an Indexed Note

CIBC World Markets Corp. and our other affiliates may have conflicts of interest with respect to some indexed notes. CIBC World Markets Corp. and our other affiliates may engage in trading, including trading for hedging purposes, for their proprietary accounts or for other accounts under their management, in indexed notes and in the securities, commodities or currencies or other instruments or measures on which the index for such notes is based or in other derivative instruments related to the index or its component items. These trading activities could adversely affect the value of indexed notes. We and our affiliates may also issue or underwrite securities or derivative instruments that are linked to the same index as one or more indexed notes. By introducing competing products into the marketplace in this manner, we could adversely affect the value of a particular indexed note.

CIBC World Markets Corp. or another of our affiliates may serve as calculation agent for the indexed notes and may have considerable discretion in calculating the amounts payable in respect of the notes. To the extent that CIBC World Markets Corp. or another of our affiliates calculates or compiles a particular index, it may also have considerable discretion in performing the calculation or compilation of the index. Exercising discretion in this manner could adversely affect the value of an indexed note based on the index or the rate of return on the note.

Risks Relating to Floating Rate Notes

Floating Rates of Interest are Uncertain and Could be 0.0%

If your notes are floating rate notes or otherwise directly linked to a floating rate for some portion of the notes' term, no interest will accrue on the notes with respect to any interest period for which the applicable floating rate specified in the applicable pricing supplement is zero on the related interest rate reset date. Floating interest rates, by their very nature, fluctuate, and may be as low as 0.0%. Also, in certain economic environments, floating rates of interest may be less than fixed rates of interest for instruments with a similar credit quality and term. As a result, the return you receive on your notes may be less than a fixed rate security issued for a similar term by a comparable issuer.

Changes in Banks' Inter-bank Lending Rate Reporting Practices or the Method Pursuant to which LIBOR is Determined May Adversely Affect the Value of Securities to which LIBOR Relates

Concerns have been expressed that some of the member banks surveyed by the British Bankers' Association (the "BBA") in 2008 in connection with the calculation of daily LIBOR rates may have been under-reporting the inter-bank lending rate applicable to them in order to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may result from reporting higher interbank lending rates. As a result, the

Table of Contents

LIBOR rate-fixing process was changed by increasing the number of banks surveyed to set a LIBOR rate. As of February 1, 2014, Intercontinental Exchange Benchmark Administration Ltd. became responsible for determining LIBOR. Future changes in the method under which the LIBOR rates are determined may occur, and result in a sudden or prolonged decrease in the reported LIBOR rates, which may adversely affect the level of interest payments and the value of the notes.

Risks Relating to Notes Denominated or Payable in or Linked to a Non-U.S. Dollar Currency

If you intend to invest in a non-U.S. dollar note e.g., a note whose principal and/or interest is payable in a currency other than U.S. dollars or that may be settled by delivery of or reference to a non-U.S. dollar currency or property denominated in or otherwise linked to a non-U.S. dollar currency you should consult your own financial and legal advisors as to the currency risks entailed by your investment. Notes of this kind may not be an appropriate investment for investors who are unsophisticated with respect to non-U.S. dollar currency transactions.

An Investment in a Non-U.S. Dollar Note Involves Currency-Related Risks

An investment in a non-U.S. dollar note entails significant risks that are not associated with a similar investment in a note that is payable solely in U.S. dollars and where settlement value is not otherwise based on a non-U.S. dollar currency. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and the various non-U.S. dollar currencies or composite currencies and the possibility of the imposition or modification of foreign exchange controls or other conditions by either the United States or non-U.S. governments. These risks generally depend on factors over which we have no control, such as economic and political events and the supply of and demand for the relevant currencies in the global markets.

Changes in Currency Exchange Rates Can Be Volatile and Unpredictable

Rates of exchange between the U.S. dollar and many other currencies have been highly volatile, and this volatility may continue and perhaps spread to other currencies in the future. Fluctuations in currency exchange rates could adversely affect an investment in a note denominated in, or where value is otherwise linked to, a specified currency other than U.S. dollars. Depreciation of the specified currency against the U.S. dollar could result in a decrease in the U.S. dollar-equivalent value of payments on the note, including the principal payable at maturity. That in turn could cause the market value of the note to fall. Depreciation of the specified currency against the U.S. dollar could result in a loss to the investor on a U.S. dollar basis.

Government Policy Can Adversely Affect Foreign Currency Exchange Rates and an Investment in a Non-U.S. Dollar Note

Foreign currency exchange rates can either float or be fixed by sovereign governments. From time to time, governments use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing non-U.S. dollar notes is that their yields or payouts could be significantly and unpredictably affected by governmental actions. Even in the absence of governmental action directly affecting currency exchange rates, political or economic developments in the country issuing the specified currency for a non-U.S. dollar note or elsewhere could lead to significant and sudden changes in the exchange rate between the U.S. dollar and the specified currency. These changes could affect the value of the note as participants in the global currency markets move to buy or sell the specified currency or U.S. dollars in reaction to these developments.

Governments have imposed from time to time and may in the future impose exchange controls or other conditions, including taxes, with respect to the exchange or transfer of a specified currency that could affect

Table of Contents

exchange rates as well as the availability of a specified currency for a note at its maturity or on any other payment date. In addition, the ability of a holder to move currency freely out of the country in which payment in the currency is received or to convert the currency at a freely determined market rate could be limited by governmental actions.

Non-U.S. Dollar Notes May Permit Us to Make Payments in U.S. Dollars or Delay Payment If We Are Unable to Obtain the Specified Currency

Non-U.S. dollar notes may provide that, if the specified currency is subject to convertibility, transferability, market disruption or other conditions affecting its availability at or about the time when a payment on the notes comes due because of circumstances beyond our control, we will be entitled to make the payment in U.S. dollars or delay making the payment. These circumstances could include the imposition of exchange controls or our inability to obtain the specified currency because of a disruption in the currency markets. If we make payment in U.S. dollars, the exchange rate we would use would be determined in the manner described in the applicable pricing supplement. A determination of this kind may be based on limited information and would involve discretion on the part of our exchange rate agent, which may be an affiliate of ours. As a result, the value of the payment in U.S. dollars an investor would receive on the payment date may be less than the value of the payment the investor would have received in the specified currency if it had been available, or may be zero. In addition, a government may impose extraordinary taxes on transfers of a currency. If that happens we will be entitled to deduct these taxes from any payment on securities payable in that currency.

In a Lawsuit for Payment on a Non-U.S. Dollar Note, an Investor May Bear Currency Exchange Risk

The notes will be governed by New York law. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on a non-U.S. dollar note would be required to render the judgment in the specified currency. However, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on a non-U.S. dollar note, investors would bear currency exchange risk until judgment is entered, which may take a significant period of time. In courts outside of New York, investors may not be able to obtain judgment in a specified currency other than U.S. dollars. For example, a judgment for money in an action based on a non-U.S. dollar note in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of the currency in which any particular security is denominated into U.S. dollars will depend upon various factors, including which court renders the judgment.

Determinations Made by the Exchange Rate Agent

All determinations made by the exchange rate agent will be made in its sole discretion (except to the extent expressly provided in this prospectus supplement or the applicable pricing supplement that any determination is subject to approval by the Bank). In the absence of manifest error, its determinations will be conclusive for all purposes and will bind all holders and us. The exchange rate agent will not have any liability for its determinations.

Information About Exchange Rates May Not Be Indicative of Future Performance

If we issue a non-U.S. dollar note, we may include in the relevant pricing supplement a currency supplement that provides information about historical exchange rates for the relevant non-U.S. dollar currency or currencies. Any information about exchange rates that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future. That rate will likely differ from the exchange rate used under the terms that apply to a particular note.

Table of Contents

Non-U.S. Investors May Be Subject to Certain Additional Risks

If we issue a U.S. dollar note and you are a non-U.S. investor who purchased such notes with a currency other than U.S. dollars, changes in rates of exchange may have an adverse effect on the value, price or income of your investment.

This prospectus supplement contains a general description of certain U.S. and Canadian tax consequences relating to the notes. If you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of notes and receiving payments of principal or other amounts under the notes.

USE OF PROCEEDS

Except as otherwise set forth in a pricing supplement, the net proceeds from the sale of any notes will be added to our general funds and will be used for general banking purposes.

DESCRIPTION OF THE NOTES WE MAY OFFER

You should carefully read the description of the terms and provisions of our debt securities and our indenture under *Description of Senior Debt Securities* in the accompanying prospectus. That section, together with this prospectus supplement and the applicable pricing supplement, summarizes all the material terms of our indenture and your note. They do not, however, describe every aspect of our indenture and your note. For example, in this section entitled *Description of the Notes We May Offer*, the accompanying prospectus and the applicable pricing supplement, we use terms that have been given special meanings in our indenture, but we describe the meanings of only the more important of those terms. The specific terms of any series of notes will be described in the relevant pricing supplement. As you read this section, please remember that the specific terms of your note as described in your pricing supplement will supplement and, if applicable, may modify or replace the general terms described in this section. If your pricing supplement is inconsistent with this prospectus supplement or the accompanying prospectus, your pricing supplement will control with regard to your note. Thus, the statements we make in this section may not apply to your note.

General

The notes will be issued under our indenture, dated as of September 15, 2012, between the Bank and Deutsche Bank Trust Company Americas, as trustee, and as further amended from time to time, which we may refer to as the indenture. The notes constitute a single series of debt securities of the Bank issued under the indenture. The term *debt securities*, as used in this prospectus supplement, refers to all debt securities, including the notes, issued and issuable from time to time under the indenture. The indenture is subject to, and governed by, the Trust Indenture Act of 1939, as amended. The indenture is more fully described below in this section. Whenever we refer to specific provisions or defined terms in the indenture, those provisions or defined terms are incorporated in this prospectus supplement by reference. Section references used in this discussion are references to the indenture. Capitalized terms which are not otherwise defined shall have the meanings given to them in the indenture.

The notes will be limited to an aggregate initial offering price of US\$2,000,000,000 or at our option if so specified in the relevant pricing supplement, the equivalent of this amount in any other currency or currency unit, and will be our direct, unsecured obligations. This aggregate initial offering price is subject to reduction as a result of the sale by us of other debt securities pursuant to another prospectus supplement to the accompanying prospectus. The notes will not constitute deposits insured under the Canada Deposit Insurance Corporation Act or by the United States Federal Deposit Insurance Corporation or any other Canadian or United States governmental agency or instrumentality.

Table of Contents

We will offer the notes on a continuous basis through one or more agents listed in the section entitled "Supplemental Plan of Distribution" in this prospectus supplement. The indenture does not limit the aggregate principal amount of senior notes that we may issue. We may, from time to time, without the consent of the holders of the notes, provide for the issuance of notes or other debt securities under the indenture in addition to the US\$2,000,000,000 aggregate initial offering price of notes noted on the cover of this prospectus supplement. Each note issued under this prospectus supplement will have a stated maturity that will be specified in the applicable pricing supplement and may be subject to redemption or repayment before its stated maturity. As a general matter, each note will mature nine months or more from its date of issue, except that indexed notes may have a maturity of less than nine months. Notes may be issued at significant discounts from their principal amount due on the stated maturity (or on any prior date on which the principal or an installment of principal of a note becomes due and payable, whether by the declaration of acceleration, call for redemption at our option, repayment at the option of the holder or otherwise), and some notes may not bear interest. We may from time to time, without the consent of the existing holders of the relevant notes, create and issue further notes having the same terms and conditions as such notes in all respects, except for the issue date, issue price and, if applicable, the first payment of interest thereon.

Unless we specify otherwise in the relevant pricing supplement, currency amounts in this prospectus supplement are expressed in U.S. dollars. Unless we specify otherwise in any note and pricing supplement, the notes will be denominated in U.S. dollars and payments of principal, premium, if any, and any interest on the notes will be made in U.S. dollars. If any note is to be denominated other than exclusively in U.S. dollars, or if the principal of, premium, if any, or any interest on the note is to be paid in one or more currencies (or currency units or in amounts determined by reference to an index or indices) other than that in which that note is denominated, additional information (including authorized denominations and related exchange rate and exchange agent information) will be provided in the relevant pricing supplement. Unless we specify otherwise in any pricing supplement, notes denominated in U.S. dollars will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof (except that non-U.S. investors may be subject to higher minimums).

Interest rates that we offer on the notes may differ depending upon, among other factors, the aggregate principal amount of notes purchased in any single transaction. Notes with different variable terms other than interest rates may also be offered concurrently to different investors. We may change interest rates or formulas and other terms of notes from time to time, but no change of terms will affect any note we have previously issued or as to which we have accepted an offer to purchase.

Each note will be issued as a book-entry note in fully registered form without coupons. Each note issued in book-entry form may be represented by a global note that we deposit with and register in the name of a financial institution or its nominee, that we select. The financial institution that we select for this purpose is called the depositary. Unless we specify otherwise in the applicable pricing supplement, The Depository Trust Company, New York, New York, will be the depositary for all notes in global form. Except as discussed in the accompanying prospectus under "Description of Senior Debt Securities—Ownership and Book-Entry Issuance", owners of beneficial interests in book-entry notes will not be entitled to physical delivery of notes in certificated form. We will make payments of principal of, and premium, if any and interest, if any, on the notes through the trustee or applicable paying agent to the depositary for the notes.

Table of Contents

Legal Ownership

Street Name and Other Indirect Holders

Investors who hold their notes in accounts at banks or brokers will generally not be recognized by us as legal holders of notes. This is called holding in street name. Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its notes. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the notes, either because they agree to do so in their customer agreements or because they are legally required to do so. If you hold your notes in street name, you should check with your own institution to find out:

how it handles note payments and notices;

whether it imposes fees or charges;

how it would handle voting if it were ever required;

whether and how you can instruct it to send you notes registered in your own name so you can be a direct holder as described below; and

how it would pursue rights under the notes if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, under the notes run only to persons who are registered as holders of notes. As noted above, we do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold your notes in that manner or because the notes are issued in the form of global securities as described below. For example, once we make a payment to the registered holder we have no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer but does not do so.

Global Notes

A global note is a special type of indirectly held security, as described above under **Legal Ownership** **Street Name and Other Indirect Holders**. If we choose to issue notes in the form of global notes, the ultimate beneficial owners of global notes can only be indirect holders. We require that the global note be registered in the name of a financial institution we select.

We also require that the notes included in the global note not be transferred to the name of any other direct holder except in the special circumstances described in the accompanying prospectus in the section **Description of Senior Debt Securities** **Ownership and Book-Entry Issuance**. The financial institution that acts as the sole direct holder of the global note is called the depository. Any person wishing to own a global note must do so indirectly by virtue of an account with a broker, bank or other financial institution, known as a **participant**, that in turn has an account with the depository. The pricing supplement indicates whether your series of notes will be issued only in the form of global notes.

Further details of legal ownership are discussed in the accompanying prospectus in the section **Description of Senior Debt Securities** **Ownership and Book-Entry Issuance**.

In the remainder of this description, **you** or **holder** means direct holders and not street name or other indirect holders of notes. Indirect holders should read the previous subsection titled **Legal Ownership** **Street Name and Other Indirect Holders**.

Table of Contents

Types of Notes

We may issue the following four types of notes:

Fixed Rate Notes. A note of this type will bear interest at a fixed rate described in the applicable pricing supplement. This type includes zero-coupon notes, which bear no interest and are instead issued at a price lower than the principal amount.

Floating Rate Notes. A note of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. The various interest rate formulas and these other features are described below in *Interest Rates Floating Rate Notes*. If your note is a floating rate note, the formula and any adjustments that apply to the interest rate will be specified in your pricing supplement.

Indexed Notes. A note of this type provides that the amount payable at its maturity, and/or the amount of interest payable on an interest payment date, will be determined by reference to a market measure consisting of:

one or more securities;

one or more currencies;

one or more commodities;

any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstance; and/or

indices or baskets of any of these items.

If you are a holder of an indexed note, you may receive an amount at maturity that is greater than or less than the face amount of your note depending upon the value of the applicable index at maturity, and if the note is not principal protected, you may receive nothing at all. That value may fluctuate over time. If you purchase an indexed note the relevant pricing supplement will include information about the relevant index and how amounts that are to become payable will be determined by reference to that index. In addition, the relevant pricing supplement will specify whether your note will be payable in cash or exchangeable for securities of an issuer other than the Bank or other property. The relevant pricing supplement will describe the material U.S. and Canadian federal income tax consequences of the purchase, ownership or disposition of an indexed note. Before you purchase any Indexed note, you should read carefully the section entitled *Risk Factors Risks Relating to Indexed Notes* above.

Convertible or Exchangeable Notes. A note of this type will be convertible or exchangeable, at our option or the option of the holder, into securities of an issuer other than the Bank or into other property. The convertible or exchangeable notes may or may not bear interest or be issued with original issue discount or at a premium. The general terms of the convertible or exchangeable notes are described below. The relevant pricing supplement will describe the material U.S. and Canadian federal income tax considerations relevant to the acquisition of convertible or exchangeable notes.

Optionally Convertible or Exchangeable Notes. The holder of an optionally convertible or exchangeable note may, during a specified period or at specific times, exchange the note for the underlying property at a specified rate of exchange. If specified in the relevant pricing supplement, we will have the option to redeem the optionally convertible or exchangeable note prior to maturity. If the holder of an optionally convertible or exchangeable note does not elect to convert or exchange the note prior to maturity or on any redemption date, the holder will receive the

principal amount of the note (and any premium) plus any accrued interest at maturity or upon redemption.

Mandatorily Convertible or Exchangeable Notes. At maturity, the holder of a mandatorily convertible or exchangeable note must, under certain circumstances, convert or exchange the note for the

S-10

Table of Contents

underlying property at a specified rate of conversion or exchange, and, therefore, depending upon the value of the underlying property at maturity, the holder of a mandatorily convertible or exchangeable note may receive less than the principal amount of the note at maturity. If so indicated in the relevant pricing supplement, the specified rate at which a mandatorily convertible or exchangeable note may be converted or exchanged may vary depending on the value of the underlying property so that, upon conversion or exchange, the holder participates in a percentage, which may be less than, equal to, or greater than 100% of the change in value of the underlying property. Mandatorily convertible or exchangeable notes may include notes where we have the right, but not the obligation, to require holders of notes to convert or exchange their notes for the underlying property.

Payments upon Conversion or Exchange. The relevant pricing supplement will specify if upon conversion or exchange, at maturity or otherwise, the holder of a convertible or exchangeable note may receive, at the specified exchange rate, either the underlying property or the cash value of the underlying property. The underlying property may be the securities of either U.S. or foreign entities or both. The convertible or exchangeable notes may or may not provide for protection against fluctuations in the exchange rate between the currency in which that security is denominated and the currency or currencies in which the market prices of the underlying security or securities are quoted. Convertible or exchangeable notes may have other terms, which will be specified in the relevant pricing supplement.

Special Requirements for Conversion or Exchange of Global Notes. If an optionally convertible or exchangeable note is represented by a global note, the depositary's nominee will be the holder of that note and therefore will be the only entity that can exercise a right to convert or exchange. In order to ensure that the depositary's nominee will timely exercise a right to convert or exchange a particular optionally convertible or exchangeable note or any portion of that particular note, the beneficial owner of the note must instruct the broker or other direct or indirect participant through which it holds an interest in that note to notify the depositary of its desire to exercise a right to convert or exchange. Different firms have different deadlines for accepting instructions from their customers. Each beneficial owner should consult the broker or other participant through which it holds an interest in an optionally convertible or exchangeable note in order to ascertain the deadline for ensuring that timely notice will be delivered to the depositary.

Payments upon Acceleration of Maturity or upon Tax Redemption. If the principal amount payable at maturity of any convertible or exchangeable note is declared due and payable prior to maturity, the amount payable on:

an optionally convertible or exchangeable note will equal the face amount of the note (and any premium) plus accrued interest, if any, to but excluding the date of payment, except that if a holder has converted or exchanged an optionally convertible or exchangeable note prior to the date of declaration or tax redemption without having received the amount due upon exchange, the amount payable will be an amount of cash equal to the amount due upon conversion or exchange and will not include any accrued but unpaid interest; and

a mandatorily convertible or exchangeable note will equal an amount (and any premium) determined as if the date of declaration or tax redemption were the maturity date plus accrued interest, if any, to but excluding the date of payment.

Original Issue Discount Notes

A fixed rate note, a floating rate note or an indexed note may be an original issue discount note. A note of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount note may be a zero-coupon note. A note issued at a discount to its principal may, for U.S. federal income tax purposes, be

Table of Contents

considered an original issue discount note, regardless of the amount payable upon redemption or acceleration of maturity. See Tax Consequences Taxation of Debt Securities in the accompanying prospectus for a brief description of the U.S. federal income tax consequences of owning an original issue discount note.

Information in the Pricing Supplement

Your pricing supplement will describe one or more of the following terms of your note:

the CUSIP number;

the stated maturity;

the specified currency or currencies for principal and interest, if not U.S. dollars;

if other than \$1,000 and integral multiples thereof, the denominations in which the notes may be issued;

the price at which we originally issue your note and the original issue date;

whether your note is a fixed rate note, a floating rate note, an indexed note or a convertible or exchangeable note;

if your note is a fixed rate note, the yearly rate at which your note will bear interest, if any, and the interest payment dates;

if your note is a floating rate note, the interest rate basis, which may be one of the nine interest rate bases described in Interest Rates Floating Rate Notes below; any applicable index currency or maturity, spread or spread multiplier or initial, maximum or minimum rate; and the interest reset, determination, calculation and payment dates, all of which we describe under Interest Rates Floating Rate Notes below;

if your note is an indexed note, the principal amount, if any, we will pay you at maturity, the amount of interest, if any, we will pay you on an interest payment date or the formula we will use to calculate these amounts, if any, and whether your note will be exchangeable for cash, securities of an issuer other than the Bank or other property;

if your note is a convertible or exchangeable note, the securities or property into which the note may be converted or for which it may be exchanged; whether the note is convertible or exchangeable at your option or at the Bank's option; and the other items described in Types of Notes Convertible or Exchangeable Notes above;

if your note is an original issue discount note, the yield to maturity;

if applicable, the circumstances under which your note may be redeemed at our option before the stated maturity, including any redemption commencement date, redemption price(s) and redemption period(s);

if applicable, the circumstances under which you may demand repayment of your note before the stated maturity, including any repayment commencement date, repayment price(s) and repayment period(s);

any material Canadian or United States federal income tax consequences of the purchase, ownership or disposition of a particular issuance of notes;

the use of proceeds, if materially different than those discussed in this prospectus supplement; and

any other terms of your note, which could be different from those described in this prospectus supplement.

Market-Making Transactions

If you purchase your note in a market-making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market-making transaction is one in

Table of Contents

which an agent or other dealer resells a note that it has previously acquired from another holder. A market-making transaction in a particular note occurs after the original sale of the note. See *Plan of Distribution (Conflicts of Interest)* in the accompanying prospectus and *Supplemental Plan of Distribution (Conflicts of Interest)* below.

Redemption at the Option of the Bank; No Sinking Fund

If an initial redemption date is specified in the applicable pricing supplement, we may redeem the particular notes prior to their stated maturity date at our option on any date on or after that initial redemption date in whole or from time to time in part in increments of \$1,000 or any other integral multiple of an authorized denomination specified in the applicable pricing supplement (provided that any remaining principal amount thereof shall be at least \$1,000 or other minimum authorized denomination applicable thereto), at the redemption price or prices specified in that pricing supplement, together with unpaid interest accrued thereon to the date of redemption. Unless otherwise specified in the applicable pricing supplement, we must give written notice to registered holders of the particular notes to be redeemed at our option not more than 60 nor less than 30 calendar days prior to the date of redemption.

The notes will not be subject to, or entitled to the benefit of, any sinking fund.

Repayment at the Option of the Holder

If one or more optional repayment dates are specified in the applicable pricing supplement, registered holders of the particular notes may require us to repay those notes prior to their stated maturity date on any optional repayment date in whole or from time to time in part in increments of \$1,000 or any other integral multiple of an authorized denomination specified in the applicable pricing supplement (provided that any remaining principal amount thereof shall be at least \$1,000 or other minimum authorized denomination applicable thereto), at the repayment price or prices specified in that pricing supplement, together with unpaid interest accrued thereon to the date of repayment. A registered holder's exercise of the repayment option will be irrevocable.

For any note to be repaid, the applicable trustee must receive, at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the date of repayment, the particular notes to be repaid and, in the case of a book-entry note, repayment instructions from the applicable beneficial owner to the depositary and forwarded by the depositary. Only the depositary may exercise the repayment option in respect of global notes representing book-entry notes. Accordingly, beneficial owners of global notes that desire to have all or any portion of the book-entry notes represented thereby repaid must instruct the participant through which they own their interest to direct the depositary to exercise the repayment option on their behalf by forwarding the repayment instructions to the applicable trustee as aforesaid. In order to ensure that these instructions are received by the applicable trustee on a particular day, the applicable beneficial owner must so instruct the participant through which it owns its interest before that participant's deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, beneficial owners should consult their participants for the respective deadlines. In addition, at the time repayment instructions are given, each beneficial owner shall cause the participant through which it owns its interest to transfer the beneficial owner's interest in the global note representing the related book-entry notes, on the depositary's records, to the applicable trustee.

If applicable, we will comply with the requirements of Section 14(e) of the Securities Exchange Act of 1934, as amended (the *Exchange Act*), and the rules promulgated thereunder, and any other securities laws or regulations in connection with any repayment of notes at the option of the registered holders thereof.

We may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by us may, at our discretion, be held, resold or surrendered to the applicable trustee for cancellation.

Table of Contents

Interest

Each interest-bearing note will bear interest from its date of issue at the rate per annum, in the case of a fixed rate note, or pursuant to the interest rate formula, in the case of a floating rate note, in each case as specified in the applicable pricing supplement. We will make interest payments in respect of fixed rate notes and floating rate notes in an amount equal to the interest accrued from and including the immediately preceding interest payment date in respect of which interest has been paid or from and including the date of issue, if no interest has been paid, to but excluding the applicable interest payment date or the maturity date, as the case may be (each, an *interest period*).

Interest on fixed rate notes and floating rate notes will be payable in arrears on each interest payment date and on the maturity date. The first payment of interest on any note originally issued between a regular record date and the related interest payment date will be made on the interest payment date immediately following the next succeeding record date to the registered holder on the next succeeding record date. The regular record date shall be the fifteenth calendar day, whether or not a business day, immediately preceding the related interest payment date. Business day is defined below under *Interest Rates Special Rate Calculation Terms*. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 P.M., New York City time, on that day.

Interest Rates

This subsection describes the different kinds of interest rates that may apply to your note, if it bears interest.

Fixed Rate Notes

The relevant pricing supplement will specify the interest payment dates for a fixed rate note as well as the maturity date. Interest on fixed rate notes will be computed on the basis of a 360-day year consisting of twelve 30-day months or such other day count fraction set forth in the pricing supplement.

If any interest payment date, redemption date, repayment date or maturity date of a fixed rate note falls on a day that is not a business day, we will make the required payment of principal, premium, if any, and/or interest on the next succeeding business day, and no additional interest will accrue in respect of the payment made on that next succeeding business day.

Floating Rate Notes

In this subsection, we use several specialized terms relating to the manner in which floating interest rates are calculated. These terms appear in bold, italicized type the first time they appear, and we define these terms in *Special Rate Calculation Terms* at the end of this subsection.

The following will apply to floating rate notes.

Interest Rate Basis. We currently expect to issue floating rate notes that bear interest at rates based on one or more of the following interest rate bases:

commercial paper rate;

U.S. prime rate;

LIBOR;

EURIBOR;

treasury rate;

S-14

Table of Contents

CMT rate;

CMS rate; and/or

federal funds rate.

We describe each of the interest rate bases in further detail below in this subsection. If you purchase a floating rate note, your pricing supplement will specify the interest rate basis that applies to your note.

Calculation of Interest. Calculations relating to floating rate notes will be made by the calculation agent, an institution that we appoint as our agent for this purpose. That institution may include any affiliate of ours, such as CIBC World Markets Corp. The pricing supplement for a particular floating rate note will name the institution that we have appointed to act as the calculation agent for that note as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the note without your consent and without notifying you of the change.

For each floating rate note, the calculation agent will determine, on the corresponding interest calculation date or on the interest determination date, as described below, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period that is, the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate note by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day by 360 or by the actual number of days in the year, as specified in the relevant pricing supplement.

Upon the request of the holder of any floating rate note, the calculation agent will provide for that note the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

All percentages resulting from any calculation relating to a note will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate note will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the interest rate basis that applies to a floating rate note during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as discussed below. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any agent participating in the distribution of the relevant floating rate notes and its affiliates, and they may include our affiliates.

Initial Interest Rate. For any floating rate note, the interest rate in effect from the original issue date to the first interest reset date will be the initial interest rate. We will specify the initial interest rate or the manner in which it is determined in the relevant pricing supplement.

Spread or Spread Multiplier. In some cases, the interest rate basis for a floating rate note may be adjusted:

by adding or subtracting a specified number of basis points, called the spread, with one basis point being 0.01%; or

by multiplying the interest rate basis by a specified percentage, called the spread multiplier.

Table of Contents

If you pn license payments. Under the agreement prior to the amendment and restatement we were required to pay \$660,000 to Penn (which amount is already reflected as an obligation on our balance sheet) upon receiving financing or on certain dates on or before December 15, 2007, whichever is earlier. Overall the amended and restated agreement payment terms reflect lower near term requirements but were more than offset by higher longer term milestone payments for the initiation of a phase III clinical trial and the regulatory approval for the first Penn Licensed Product. We are responsible for filing new patents and maintaining the existing patents licensed to use and we are obligated to reimburse Penn for all attorneys fees, expenses, official fees and other charges incurred in the preparation, prosecution and maintenance of the patents licensed from Penn.

Furthermore, upon the achievement of the first sale of a product in certain fields, Penn shall be entitled to certain milestone payments, as follows: \$2,500,000 shall be due for first commercial sale of the first product in the cancer field. In addition, \$1,000,000 will be due upon the date of first commercial sale of a product in each of the secondary strategic fields sold. Therefore, the total potential amount of milestone payments is \$3,500,000 in the cancer field.

As a result of our payment obligations under the license assuming we have net sales in the aggregate amount of \$100 million from our cancer products, our total payments to Penn over the next ten years could reach an aggregate of \$5,420,000. If over the next 10 years our net sales total an aggregate amount of only \$10 million from our cancer products, total payments to Penn could reach be \$4,445,000.

This license also grants us exclusive negotiation and exclusive options until June 17, 2009 to obtain exclusive licenses to new inventions on therapeutic vaccines developed Drs' Paterson and Fred Frankel and their lab. Each option is granted to us at no cost and provides a six month exercise period form the date of disclosure. Once exercised we have a 90 day period to negotiate in good faith a comprehensive license agreement at licensing fees up to \$10,000. We recently exercised the option and have entered into negotiations to license approximately 18 inventions. The license fees, legal expense, and other filing expenses for such 18 inventions are estimated to amount to \$400,000 over a period of several years.

Strategically we continue to enter into sponsored research agreements with Dr. Paterson and Penn to generate new intellectual property and to exploit all existing intellectual property covered by the license.

Penn is not involved in management of our company or in our decisions with respect to exploitation of the patent portfolio.

Dr. Yvonne Paterson

Dr. Paterson is a Professor in the Department of Microbiology at Penn and the inventor of our licensed technology. She has been an invited speaker at national and international health field conferences and leading academic institutions. She has served on many federal advisory boards, such as the NIH expert panel to review primate centers, the Office of AIDS Research Planning Fiscal Workshop, and the Allergy and Immunology NIH Study Section. She has written over 140 publications in immunology (including a recently published book) with emphasis during the last several years on the areas of HIV, AIDS and cancer research. Her instruction and mentorship has trained over 30 post-doctoral and doctoral students in the fields of Biochemistry and Immunology, many of whom are research leaders in academia and industry.

Dr. Paterson is currently the principal investigator on grants from the federal government and charitable trusts totaling approximately \$500,000 dollars per year and training grants totaling approximately \$800,000 per year. Her research interests are broad, but her laboratory has been focused for the past ten years on developing novel approaches for prophylactic vaccines against infectious disease and immunotherapeutic approaches to cancer. The approach of the laboratory is based on a long-standing interest in the properties of proteins that render them immunogenic and how such immunogenicity may be modulated within the body.

Consulting Agreement. We entered into a renewed consulting agreement with Dr. Paterson on January 28, 2005 with an initial term expiring on January 31, 2006 with automatic renewals for up to six additional periods of six months each pursuant to which we have had access to Dr. Paterson's consulting services for one full day per week. We are currently in our fourth renewal period. Dr. Paterson has advised us on an exclusive basis on various issues related to our technology, manufacturing issues, establishing our lab, knowledge transfer, and our long-term research and development program. Pursuant to the agreement, Dr. Paterson currently receives \$5,000 per month of which \$3,000 is paid in cash and \$2,000 is accrued until the conversion of the Cornell convertible debenture provided, that upon the closing of an additional \$3 million in equity capital, Dr. Paterson's rates will increase to \$5,000 per month; provided,

further, that upon the closing of an additional \$6 million in equity capital, Dr. Paterson's rates shall increase to \$7,000 per month; and provided, further, that upon the closing of an additional of \$9 million in equity capital, Dr. Paterson's rates shall increase to \$9,000 per month. In addition, on February 1, 2005, Dr. Paterson received options to purchase 400,000 shares of our common stock at an exercise price of \$0.287 per share with 40,000 fully vested when granted and the remaining 360,000 options vesting equally over 48 months; provided that Dr. Paterson remains a consultant over the four year period. Since February 1, 2005, Dr. Paterson is being paid \$3,000 per month, and since March 2006 we've accrued an additional \$2,000 per month pending the next round of financing of \$3,000,000 and she holds options to purchase a total of 569,048 shares of Common Stock of which 360,714 are vested as of October 31, 2006.

Sponsored Research Agreement.

We entered into a sponsored research agreement on December 6, 2006 with Penn and Dr. Paterson under which we are obligated to pay \$159,598 per year for a total period of 2 years covering the development of potential vaccine candidate based on our Listeria technology as well as other basic research projects.

We intend to enter into additional sponsored research agreements with Penn in the future with respect to research and development on our product candidates.

We believe that Dr. Paterson's continuing research will serve as a source of ongoing findings and data that both supports and strengthen the existing patents. Her work will expand the claims of the patent portfolio (potentially including adding claims for new tumor specific antigens, the utilization of new vectors to deliver antigens, and applying the technology to new disease conditions) and create the infrastructure for the future filing of new patents.

Dr. Paterson is also the chairman of our Scientific Advisory Board.

Dr. David Filer

We have entered a consulting agreement with Dr. David Filer, a biotech consultant. The Agreement commenced on January 7, 2005 and has a six month term, which was extended upon the agreement of both parties. Dr. Filer shall continue to provide to us for three days per month during the term of the agreement assistance on our development efforts, reviewing our scientific technical and business data and materials and introducing us to industry analysts, institutional investors collaborators and strategic partners. In consideration for the consulting services we pay Dr. Filer \$2,000 per month. In addition, Dr. Filer received options to purchase 40,000 shares of common stock which are currently vested.

Freemind Group LLC ("Freemind")

We have entered into an agreement with Freemind to develop and manage our grant writing strategy and application program. Advaxis will pay Freemind according to a fee structure based on achievement of grants awarded to us at the rate of 6-7% of the grant amount. Advaxis will also pay Freemind fixed consulting fees based on the type of grants submitted, ranging from \$5,000-7,000 depending on the type of application submitted. Freemind has extensive experience in accessing public financing opportunities, the national SBIR and related NIH/NCI programs. Freemind has assisted us in the past to file grant applications with NIH covering the use of Lovaxin C for cervical dysplasia.

University of California

On March 14, 2004 we entered into a nonexclusive license and bailment agreement with the Regents of the University of California ("UCLA") to commercially develop products using the XFL7 strain of Listeria monocytogenes in humans and animals. The agreement is effective for a period of 15 years and renewable by mutual consent of the parties. Advaxis paid UCLA an initial licensee fee and annual maintenance fees for use of the Listeria. We may not sell products using the XFL7 strain Listeria other than agreed upon products or sublicense the rights granted under the license agreement without the prior written consent of UCLA.

Cobra Biomanufacturing PLC

In July 2003, we entered into an agreement with Cobra Biomanufacturing PLC for the purpose of manufacturing our cervical cancer vaccine Lovaxin C. Cobra has extensive experience in manufacturing gene therapy products for investigational studies. Cobra is a full service manufacturing organization that manufactures and supplies DNA-based therapeutics for the pharmaceutical and biotech industry. These services include the GMP manufacturing of DNA,

recombinant protein, viruses, mammalian cell products and cell banking. Cobra's manufacturing plan for us involves several manufacturing stages, including process development, manufacturing of non-GMP material for toxicology studies and manufacturing of GMP material for the Phase I trial. The agreement to manufacture expired in December 2005 upon the delivery and completion of stability testing of the GMP material for the Phase I trial. Cobra has agreed to convert \$300,000 of its existing fees for manufacturing into future royalties from the sales of Lovaxin C at the rate of 1.5% of net sales, with payments not to exceed \$1,950,000.

In November 2005, in order to secure production of Lovaxin C on a long-term basis as well as other drug candidates which we are developing, we entered into a Strategic Collaboration and Long-Term Vaccine Supply Agreement for Listeria Cancer Vaccines, under which Cobra will manufacture experimental and commercial supplies of our *Listeria* cancer vaccines, beginning with Lovaxin C, our therapeutic vaccine for the treatment of cervical and head and neck cancers that currently in a phase I/II study in cervical cancer patients. The new agreement leaves the existing agreement in place with respect to the studies contemplated therein, and supersedes a prior agreement and provides for mutual exclusivity, priority of supply, collaboration on regulatory issues, research and development of manufacturing processes that have already resulted in new intellectual property owned by Advaxis, and the long-term supply of live *Listeria* based vaccines on a discounted basis.

LVEP Management, LLC

The Company entered into a consulting agreement with LVEP Management LLC (LVEP) dated as of January 19, 2005, and amended on April 15, 2005, and October 31, 2005, pursuant to which Mr. Roni Appel served as Chief Executive Officer, Chief Financial Officer and Secretary of the Company and was compensated by consulting fees paid to LVEP. LVEP is owned by the estate of Scott Flamm (deceased January 2006) previously, one of our directors and a principal shareholder. Pursuant to an amendment dated December 15, 2006 ("effective date") Mr. Appel resigned as President and Chief Executive Officer and Secretary of the Company on the effective date, but remains as a board member and consultant to the company. The term of the agreement as amended is 24 months from effective date. Mr. Appel will devote 50% of his time over the first 12 months of the consulting period. Also as a consultant, he will be paid at a rate of \$22,500 per month in addition to benefits as provided to other company officers. He will receive severance payments over an additional 12 months at a rate of \$10,416.67 per month and shall be reimbursed for family health care. All his stock options vested fully on the effective date and are exercisable over the option contract life. Also, Mr. Appel was issued 1,000,000 shares of our common stock. He will receive a \$250,000 bonus \$100,000 paid on January 2, 2007 and the remainder to be paid on June 1, 2007.

David Carpi

On December 15, 2006 we entered into a consulting agreement with David Carpi, whereby Mr. Carpi will assist us in the preparation and refinement of our marketing summary and presentation materials and introduce us to pre defined pharmaceutical and biotechnology companies which may be interested in strategic partnerships. Mr. Carpi will receive a monthly cash fee of \$1,500 and approved expenses, and in addition success based compensation payable in cash and stock ranging from 5% to 4% of transaction proceeds, upon completion of a transaction with a strategic partner introduced by Mr. Carpi. The agreement will be effective until July 12, 2007. Thereafter it will automatically renew on a month-to-month basis unless extended by Company on the same terms or terminated.

Pharm-Olam International Ltd. ("POI")

In April 2005, we entered into a consulting agreement with POI, based on which POI is to execute and manage our Phase 1 clinical trial in Lovaxin C with POI to receive in consideration therefore \$430,000 (50% of which is contingent on the closing by us of a \$5 million equity financing) and reimbursement of certain expenses of \$181,060. On December 13, 2006 we approved a change order reflecting the changes to the protocol the cost of which is estimated at \$92,000 for a total contractual obligation of \$522,000.

Cato Research Israel Ltd ("CATO")

We have entered into a master service agreement with Cato Research Israel Ltd, on December 27, 2005 a contract research organization (CRO) that provides clinical trial management services in the state of Israel in connection with our Phase I/II clinical trial in Lovaxin C. Under the agreement we will pay CATO an estimated amount of \$40,000.

Apothecaries Limited

We have entered into a master service agreement with Apothecaries Limited on September 20, 2006, a contract research organization (CRO) for the purpose of providing us with clinical trial management services in the state of India in connection with our Phase I/II clinical trial in Lovaxin C. Under the agreement we will pay Apothecaries amounts based on certain criteria detailed in the agreement such as clinical sites qualified (\$1,500 per site), submitting and obtaining regulatory approval (\$17,000), and numbers of patients enrolled to the clinical trial (\$7,500 for each treated patient). If regulatory approval shall be obtained and 10 patients shall be recruited and treated in 6 clinical sites, we shall pay Apothecaries a total of \$101,000.

The Investor Relations Group, Inc (“IRG”)

We entered into an agreement with IRG whereby IRG is to serve as an investor relations and public relations consultant. The term of this agreement is on a month to month basis. In consideration for performing its services, IRG is to be paid \$10,000 per month plus out of pocket expenses, and 200,000 common shares over a period of 18 months commencing October 1, 2005, provided the agreement has not terminated. Through October 31, 2006 we issued 99,999 shares out of the 133,332 vested shares as per the agreement.

Biologics Consulting Group, Inc. (“BCG”)

On June 1, 2006 we entered into an agreement with BCG to provide biologics regulatory consulting services to the Company in support of the IND submission to the FDA. The tasks to be performed under this Agreement will be agreed to in advance by the Company and BCG. The term of the agreement is from June 1, 2006 to June 1, 2007. This is a time and material agreement.

PATENTS AND LICENSES

Dr. Paterson and Penn have invested significant resources and time in developing a broad base of intellectual property around the cancer vaccine platform technology to which on July 1, 2002 (effective date) we entered into a 20-year exclusive worldwide license and a right to grant sublicenses pursuant to our license agreement with Penn. Penn currently has 11 issued and 15 pending patents in the United States and other countries including Japan, Canada, Israel, Australia, and the European Union, through the Patent Cooperation Treaty (PCT) system pursuant to which we have an exclusive license to exploit the patents. We believe that these patents will allow us to take a strong lead in the field of Listeria-based therapy.

The Penn patent portfolio is currently comprised of the following:

United States

Patents

U.S. Patent No. 6,051,237, issued April 18, 2000. Patent Application No. 08/336,372, filed November 8, 1994 for “Specific Immunotherapy of Cancer Using a Live Recombinant Bacterial Vaccine Vector.” Filed November 8, 1994. Expires April 18, 2017.

U.S. Patent No. 6,565,852, issued May 20, 2003, Paterson, et al., CIP Patent Application No. 09/535,212, filed March 27, 2000 for “Specific Immunotherapy of Cancer Using a Live Recombinant Bacterial Vaccine Vector.” Filed March 27, 2000. Expires November 8, 2014.

U.S. Patent No. 6,099,848, issued August 8, 2000, Frankel et al., Patent Application No. 08/972,902 “Immunogenic Compositions Comprising DAL/DAT Double-Mutant, Auxotrophic, Attenuated Strains of Listeria and Their Methods of Use.” Filed November 18, 1997. Expires November 18, 2017.

U.S. Patent No. 6,504,020, issued January 7, 2003, Frankel et al. Divisional Application No. 09/520,207 “Isolated Nucleic Acids Comprising Listeria DAL And DAT Genes”. Filed March 7, 2000, Expires November 18, 2017.

U.S. Patent No. 6,635,749, issued October 21, 2003, Frankel, et al. Divisional U.S. Patent Application No. 10/136,253 for “Isolated Nucleic Acids Comprising Listeria DAL and DAT Genes.” Filed May 1, 2002, Filed May 1, 2022. Expires November 18, 2017.

U.S. Patent No. 5,830,702, issued November 3, 1998, Portnoy, et al. Patent Application No. 08/366,477, filed December 30, 1994 for “Live, Recombinant Listeria SSP Vaccines and Productions of Cytotoxic T Cell Response” Filed December 30, 1997. Expires November 3, 2015.

US Patent No. 6,767,542 issued July 27, 2004, Paterson, et al. Patent Application No. 09/735,450 for “Compositions and Methods for Enhancing Immunogenicity of Antigens.” Filed December 13, 2000. Expires March 29, 2020.

US Patent No. 6,855,320 issued February 15, 2005, Paterson. Patent Application No. 09/537,642 for “Fusion of Non-Hemolytic, Truncated Form of Listeriolysin o to Antigens to Enhance Immunogenicity.” Filed March 29, 2000. Expires March 29, 2020.

US Patent No. 7,135,188 issued November 14, 2006, Paterson, Patent Application No. 10/441,851 for “Methods and compositions for immunotherapy of cancer.” Filed May 20, 2003. Expires November 8, 2014.

Patent Applications

U.S. Patent Application No. 10/239,703 for “Compositions and Methods for Enhancing Immunogenicity of Antigens.” Filed September 24, 2002, Paterson, et al.

U.S. Patent Application No. 10/660,194, “Immunogenic Compositions Comprising DAL/DAT Double Mutant, Auxotrophic Attenuated Strains Of Listeria And Their Methods Of Use,” Filed September 11, 2003, Frankel et al.

U.S. Patent Application No. 10/835,662, “Compositions and methods for enhancing the immunogenicity of antigens,” Filed April 30, 2004, Paterson et al.

U.S. Patent Application No. 10/949,667, “Methods and compositions for immunotherapy of cancer,” Filed September 24, 2004, Paterson et al.

U.S. Patent Application No. 11/223,945, “Listeria-based and LLO-based vaccines,” Filed September 13, 2005, Paterson et al.

U.S. Patent Application No. 11/376,564, “Compositions and methods for enhancing the immunogenicity of antigens,” Filed March 16, 2006, Paterson et al.

U.S. Patent Application No. 11/376,572, “Compositions and methods for enhancing the immunogenicity of antigens,” Filed March 16, 2006, Paterson et al.

International

Patents

Australian Patent No. 730296, Patent Application No. 14108/99 for “Bacterial Vaccines Comprising Auxotrophic, Attenuated Strains of Listeria Expressing Heterologous Antigens.” Filed May 18, 2000. Frankel, et al. Expires November 13, 2018.

Canadian Patent Application No. 2,309,790 for “Bacterial Vaccines Comprising Auxotrophic, Attenuated Strains of Listeria Expressing Heterologous Antigens.” Filed May 18, 2000, Frankel, et al.

Patent Applications

Canadian Patent Application No. 2,204,666, for “Specific Immunotherapy of Cancer Using a Live Recombinant Bacterial Vaccine Vector”. Filed November 3, 1995, Paterson et al.

Canadian Patent Application No. 2,404,164 for “Compositions and Methods for Enhancing Immunogenicity of Antigens.” Filed March 26, 2001. Paterson, et al.

European Patent Application No. 01928324.1 for “Compositions and Methods for Enhancing Immunogenicity of Antigens.” Filed March 26, 2001. Paterson, et al.

European Patent Application No. 98957980.0 for “Bacterial Vaccines Comprising Auxotrophic, Attenuated Strains of *Listeria* Expressing Heterologous Antigens.” Filed May 18, 2000, Frankel, et al.

Israel Patent Application No. 151942 for “Compositions and Methods for Enhancing Immunogenicity of Antigens.” Filed March 26, 2001, Paterson, et al.

Japanese Patent Application No. 515534/96, filed November 3, 1995 for “Specific Immunotherapy of Cancer Using a Live Recombinant Bacterial Vaccine Vector”, Paterson, et al.

Japanese Patent Application No. 2001-570290 for “Compositions and Methods for Enhancing Immunogenicity of Antigens.” Filed March 26, 2001, Paterson, et al.

PCT International Patent Application No. PCT/US06/44681 for “Methods For Producing, Growing, And Preserving *Listeria* Vaccine Vectors.” Filed November 16, 2006, Rothman, et al.

In 2001, an issue arose regarding the inventorship of U.S. Patent 6,565,852 and U.S. Patent Application No. 09/537,642. These patent rights are included in the patent rights licensed by Advaxis from Penn. It is contemplated by GSK, Penn and us that the issue will be resolved through: (1) a correction of inventorship to add certain GSK inventors, (2) where necessary and appropriate, an assignment of GSK’s possible rights under these patent rights to Penn, and (3) a sublicense from us to GSK of certain subject matter, which is not central to our business plan. To date, this arrangement has not been finalized and we cannot assure that this issue will ultimately be resolved in the manner described above.

Pursuant to our license with Penn, we have an option to license from Penn any new future invention conceived by either Dr. Yvonne Paterson or by Dr. Fred Frankel in the vaccine area until June 17, 2009. We intend to expand our intellectual property base by exercising this option and gaining access to future inventions. Further, our consulting agreement with Dr. Paterson provides, among other things, that, to the extent that Dr. Paterson’s consulting work results in new inventions, such inventions will be assigned to Penn, and we will have access to those inventions under license agreements to be negotiated. See “Item 1. Business - Partnerships and agreements - Penn.”

Our approach to the intellectual property portfolio is to aggressively create significant offensive and defensive patent protection for every product and technology platform that we develop. We work closely with our patent counsel to maintain a coherent and aggressive strategic approach to building our patent portfolio with an emphasis in the field of cancer vaccines.

We have become aware of a public company, Cerus Corporation, which has issued a press release claiming to have a proprietary *Listeria*-based approach to a cancer vaccine. We believe that through our exclusive license with Penn of U.S. Patent Nos. 5,830,702, 6,051,237 and 6,565,852, we have earliest known and dominant patent position in the United States for the use of recombinant *Listeria monocytogenes* expressing proteins or tumor antigens as a vaccine for the treatment of infectious diseases and tumors. Based on searches of publicly available databases, we do not believe that Cerus or The University of California Berkeley (which is where Cerus’ consulting scientist works) or any other third party owns any published *Listeria* patents or has any issued patent claims that might materially negatively affect our freedom to operate our business as currently contemplated in the field of recombinant *Listeria monocytogenes*.

Cerus has filed an opposition against European Patent Application Number 0790835 (EP 835 Patent) which was granted by the European Patent Office and which is assigned to The Trustees of the University of Pennsylvania and exclusively licensed to us. Cerus' allegations in the Opposition are that the EP 835 Patent, which claims a vaccine for inducing a tumor specific antigen with a recombinant live Listeria, is deficient because of (i) insufficient disclosure in the specifications of the granted claims, (ii) the inclusion of additional subject matter in the granted claims, and (iii) a lack of inventive steps of the granted claims of the EP 835 Patent.

15

On November 29, 2006, following oral proceedings, the Opposition Division of the European Patent Office determined that the claims of the patent as granted should be revoked due to lack of inventive step under European Patent Office rules based on certain prior art publications. This decision has no material effect upon our ability to conduct business as currently contemplated.

We will review the formal written decision in order to evaluate whether to file an appeal. In the event of an appeal there is no assurance that it will be successful. If such ruling is upheld on appeal, our patent position in Europe may be eroded. The likely result of this decision will be increased competition for us in the European market for recombinant live *Listeria* based vaccines for tumor specific antigens. Regardless of the outcome, we believe that our freedom to operate in Europe, or any other territory, for recombinant live *Listeria* based vaccine for tumor specific antigen products will not be diminished.

For more information about Cerus Corporation and its claims with respect to *Listeria*-based technology, you should visit their web site at www.cerus.com or to view its publicly filed documents

Lovaxin has been registered as a trademark in Israel, Australia, South Korea, Hong Kong and Taiwan.

The U.S. trademark application for Lovaxin has been allowed by the United States Patent and Trademark Office and is pending. Trademark applications in China and in the European Union for Lovaxin are also pending. The Chinese application was recently published for opposition, and the European Union application has passed through the opposition stage.

The Canadian trademark application for Lovaxin has been opposed by Aventis Pharma S.A. That opposition proceeding is pending.

In 2006, Nycomed Pharma, of Sweden, claimed owner of the mark Levaxin, filed an opposition to our CTM (European Union) application to register Lovaxin. The opposition was refused solely on procedural grounds. If our CTM application is ultimately granted, Nycomed Pharma may file to cancel such registration of Lovaxin. Nycomed Pharma has also demanded that we cease to use Lovaxin in Sweden.

The U.S. trademark applications for Advaxis and for Advaxis and design, Serial Nos. 78/252527 and 78/252586, have been withdrawn. Oppositions to those applications have been terminated in favor of Aventis, Inc.

Governmental Regulation

The Drug Development Process

The FDA requires that pharmaceutical and certain other therapeutic products undergo significant clinical experimentation and clinical testing prior to their marketing or introduction to the general public. Clinical testing, known as clinical trials or clinical studies, is either conducted internally by pharmaceutical or biotechnology companies or is conducted on behalf of these companies by contract research organizations.

The process of conducting clinical studies is highly regulated by the FDA, as well as by other governmental and professional bodies. Below, we describe the principal framework in which clinical studies are conducted, as well as describe a number of the parties involved in these studies.

Protocols. Before commencing human clinical studies, the sponsor of a new drug must typically receive governmental and institutional approval. In the US Federal approval is obtained by submitting an investigational new drug application, or IND, to the FDA. The application contains what is known in the industry as a *protocol*. A protocol is the blueprint for each drug study. The protocol sets forth, among other things, the following:

- who must be recruited as qualified participants;
- how often to administer the drug;
- what tests to perform on the participants; and

16

Institutional Review Board (Ethics Committee). An institutional review board is an independent committee of professionals and lay persons which reviews clinical research studies involving human beings and is required to adhere to guidelines issued by the FDA. The institutional review board does not report to the FDA, but its records are audited by the FDA. Its members are not appointed by the FDA. All clinical studies must be approved by an institutional review board. The institutional review board is convened by the institution where the protocol will be conducted and its role is to protect the rights of the participants in the clinical studies. It must approve the protocols to be used, and then oversees the conduct of the study, including: the communications which the company or contract research organization conducting the study at that specific site proposes to use to recruit participants, and the form of consent which the participants will be required to sign prior to their participation in the clinical studies.

Clinical Trials. Human clinical studies or testing of a potential product prior to Federal approval are generally done in three stages known as Phase I through Phase III testing. The names of the phases are derived from the CFR 21 that regulates the FDA. Generally, there are multiple studies conducted in each phase.

Phase I. Phase I studies involve testing a drug or product on a limited number of healthy participants, typically 24 to 100 people at a time. Phase I studies determine a drug's basic safety and how the drug is absorbed by, and eliminated from, the body. This phase lasts an average of six months to a year. Cancer drugs, however, are a special case, as they are not given to normal healthy people. Typically, cancer therapeutics are initially tested on very late stage cancer patients.

Phase II. Phase II trials involve testing up to 200 participants at a time who may suffer from the targeted disease or condition. Phase II testing typically lasts an average of one to three years. In Phase II, the drug is tested to determine its safety and effectiveness for treating a specific illness or condition. Phase II testing also involves determining acceptable dosage levels of the drug. If Phase II studies show that a new drug has an acceptable range of safety risks and probable effectiveness, a company will continue to review the substance in Phase III studies. It is during phase II that everything that goes into a phase III test is determined.

Phase III. Phase III studies involve testing large numbers of participants, typically several hundred to several thousand persons. The purpose is to verify effectiveness and long-term safety on a large scale. These studies generally last two to six years. Phase III studies are conducted at multiple locations or sites. Like the other phases, Phase III requires the site to keep detailed records of data collected and procedures performed.

New Drug Approval. The results of the clinical trials are submitted to the FDA as part of a new drug application ("NDA") or Biologics License Application (BLA). Following the completion of Phase III studies, assuming the sponsor of a potential product in the United States believes it has sufficient information to support the safety and effectiveness of its product, it submits an NDA or BLA to the FDA requesting that the product be approved for marketing. The application is a comprehensive, multi-volume filing that includes the results of all preclinical and clinical studies, information about the drug's composition, and the sponsor's plans for producing, packaging, labeling and testing the product. The FDA's review of an application can take a few months to many years, with the average review lasting 18 months. Once approved, drugs and other products may be marketed in the United States, subject to any conditions imposed by the FDA.

Phase IV. The FDA may require that the sponsor conduct additional clinical trials following new drug approval. The purpose of these trials, known as Phase IV studies, is to monitor long-term risks and benefits, study different dosage levels or evaluate safety and effectiveness. In recent years, the FDA has increased its reliance on these trials. Phase IV studies usually involve thousands of participants. Phase IV studies also may be initiated by the company sponsoring the new drug to gain broader market value for an approved drug. For example, large-scale trials may also be used to prove effectiveness and safety of new forms of drug delivery for approved drugs. Examples may be using an inhalation spray versus taking tablets or a sustained-release form of medication versus capsules taken multiple times per day.

The drug approval process is time-consuming, involves substantial expenditures of resources, and depends upon a number of factors, including the severity of the illness in question, the availability of alternative treatments, and the risks and benefits demonstrated in the clinical trials.

On November 21, 1997, former President Clinton signed into law the Food and Drug Administration Modernization Act. That act codified the FDA's policy of granting "Fast Track" approval for cancer therapies and other therapies intended to treat serious or life threatening diseases and that demonstrate the potential to address unmet medical needs. The Fast Track program emphasizes close, early communications between FDA and the sponsor to improve the efficiency of preclinical and clinical development, and to reach agreement on the design of the major clinical efficacy studies that will be needed to support approval. Under the Fast Track program, a sponsor also has the option to submit and receive review of parts of the NDA or BLA on a rolling schedule approved by FDA, which expedites the review process.

The FDA's Guidelines for Industry Fast Track Development Programs require that a clinical development program must continue to meet the criteria for Fast Track designation for an application to be reviewed under the Fast Track Program. Previously, the FDA approved cancer therapies primarily based on patient survival rates or data on improved quality of life. While the FDA could consider evidence of partial tumor shrinkage, which is often part of the data relied on for approval, such information alone was usually insufficient to warrant approval of a cancer therapy, except in limited situations. Under the FDA's new policy, which became effective on February 19, 1998, Fast Track designation ordinarily allows a product to be considered for accelerated approval through the use of surrogate endpoints to demonstrate effectiveness. As a result of these provisions, the FDA has broadened authority to consider evidence of partial tumor shrinkage or other surrogate endpoints of clinical benefit for approval. This new policy is intended to facilitate the study of cancer therapies and shorten the total time for marketing approvals. Under accelerated approval, the manufacturer must continue with the clinical testing of the product after marketing approval to validate that the surrogate endpoint did predict meaningful clinical benefit. To the extent applicable we intend to take advantage of the Fast Track programs to obtain accelerated approval on our future products; however, it is too early to tell what effect, if any, these provisions may have on the approval of our product candidates.

The Orphan Drug Act provides incentives to develop and market drugs ("Orphan Drugs") for rare disease conditions in the United States. A drug that receives Orphan Drug designation and is the first product to receive FDA marketing approval for its product claim is entitled to a seven-year exclusive marketing period in the United States for that product claim. A drug which is considered by the FDA to be different than such FDA-approved Orphan Drug is not barred from sale in the United States during such exclusive marketing period even if it receives approval for the same claim. We can provide no assurance that the Orphan Drug Act's provisions will be the same at the time of the approval, if any, of our products.

Other Regulations

Various Federal and state laws, regulations, and recommendations relating to safe working conditions, laboratory practices, the experimental use of animals, and the purchase, storage, movements, import, export, use, and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents, are used in connection with our research or applicable to our activities. They include, among others, the United States Atomic Energy Act, the Clean Air Act, the Clean Water Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, and Resources Conservation and Recovery Act, national restrictions on technology transfer, import, export, and customs regulations, and other present and possible future local, state, or federal regulation. The extent of governmental regulation which might result from future legislation or administrative action cannot be accurately predicted.

Manufacturing

The FDA requires that any drug or formulation to be tested in humans be manufactured in accordance with its Good Manufacturing Practices (GMP) regulations. This has been extended to include any drug which will be tested for safety in animals in support of human testing. The GMPs set certain minimum requirements for procedures, record-keeping, and the physical characteristics of the laboratories used in the production of these drugs.

We have entered into a Long Term Vaccine Supply Agreement with Cobra Biomanufacturing PLC for the purpose of manufacturing our vaccines. Cobra has extensive experience in manufacturing gene therapy products for investigational studies. Cobra is a full service manufacturing organization that manufactures and supplies DNA-based therapeutics for the pharmaceutical and biotech industry. These services include the GMP manufacturing of DNA, recombinant protein, viruses, mammalian cells products and cell banking. Cobra's manufacturing plan for us calls for several manufacturing stages, including process development, manufacturing of non-GMP material for toxicology studies and manufacturing of GMP material for the Phase I trial.

18

Competition

The biotechnology and biopharmaceutical industries are characterized by rapid technological developments and a high degree of competition. As a result, our actual or proposed products could become obsolete before we recoup any portion of our related research and development and commercialization expenses. The biotechnology and biopharmaceutical industries are highly competitive, and this competition comes from both from biotechnology firms and from major pharmaceutical and chemical companies, including Antigenics, Inc., Avi BioPharma, Inc., Biomira, Inc., Cerus Corporation, Dendreon Corporation, Epimmune, Inc., Genzyme Corp., Progenics Pharmaceuticals, Inc., and Vical Incorporated each of which is pursuing cancer vaccines. Many of these companies have substantially greater financial, marketing, and human resources than we do (including, in some cases, substantially greater experience in clinical testing, manufacturing, and marketing of pharmaceutical products). We also experience competition in the development of our products from universities and other research institutions and compete with others in acquiring technology from such universities and institutions. In addition, certain of our products may be subject to competition from products developed using other technologies, some of which have completed numerous clinical trials.

We expect that our products under development and in clinical trials will address major markets within the cancer sector. Our competition will be determined in part by the potential indications for which drugs are developed and ultimately approved by regulatory authorities. Additionally, the timing of market introduction of some of our potential products or of competitors' products may be an important competitive factor. Accordingly, the relative speed with which we can develop products, complete preclinical testing, clinical trials and approval processes and supply commercial quantities to market are expected to be important competitive factors. We expect that competition among products approved for sale will be based on various factors, including product efficacy, safety, reliability, availability, price and patent position. See "Business - Research and Development Programs" and "Business - Competition".

We have become aware of a public company, Cerus Corporation, which has issued a press release claiming to have a proprietary *Listeria*-based approach to a cancer vaccine. We believe that through our exclusive license with Penn, we have earlier priority filing dates of certain applications and a dominant patent position for the use of recombinant *Listeria monocytogenes* expressing proteins or tumor antigens as a vaccine for the treatment of infectious diseases and tumors. Based on searches of publicly available databases, we do not believe that Cerus or The University of California Berkeley (which is where Cerus' consulting scientist works) or any other third party owns any published *Listeria* patents or has any issued patent claims that might materially negatively affect our freedom to operate our business as currently contemplated in the field of recombinant *Listeria monocytogenes*.

Cerus has filed an opposition against European Patent Application Number 0790835 (EP 835 Patent) which was granted by the European Patent Office and which is assigned to The Trustees of the University of Pennsylvania and exclusively licensed to us. Cerus' allegations in the Opposition are that the EP 835 Patent, which claims a vaccine for inducing a tumor specific antigen with a recombinant live *Listeria*, is deficient because of (i) insufficient disclosure in the specifications of the granted claims, (ii) the inclusion of additional subject matter in the granted claims, and (iii) a lack of inventive steps of the granted claims of the EP 835 Patent.

On November 29, 2006, following oral proceedings, the Opposition Division of the European Patent Office determined that the claims of the patent as granted should be revoked due to lack of inventive step under European Patent Office rules based on certain prior art publications. This decision has no material effect upon our ability to conduct business as currently contemplated.

We will review the formal written decision in order to evaluate whether to file an appeal. In the event of an appeal there is no assurance that it will be successful. If such ruling is upheld on appeal, our patent position in Europe may be eroded. The likely result of this decision will be increased competition for us in the European market for recombinant live *Listeria* based vaccines for tumor specific antigens. Regardless of the outcome, we believe that our freedom to

operate in Europe, or any other territory, for recombinant live Listeria based vaccine for tumor specific antigen products will not be diminished.

For more information about Cerus Corporation and its claims with respect to Listeria-based technology, you should visit their web site at www.cerus.com or to view its publicly filed documents.

Scientific Advisory Board

We maintain a scientific advisory board consisting of internationally recognized scientists who advise us on scientific and technical aspects of our business. The scientific advisory board meets periodically to review specific projects and to assess the value of new technologies and developments to us. In addition, individual members of the scientific advisory board meet with us periodically to provide advice in particular areas of expertise. The scientific advisory board consists of the following members, information with respect to whom is set forth below: Yvonne Paterson, Ph.D.; Carl June, M.D.; Pramod Srivastava, Ph.D.; Bennett Lorber, M.D. and David Weiner, Ph.D.

Dr. Yvonne Paterson. For a description of our relationship with Dr. Paterson, please see “Item 1. Business - Partnerships and Agreements”.

Carl June, M.D. Dr. June is currently Director of Translational Research at the Abramson Cancer Center at Penn, and is an Investigator of the Abramson Family Cancer Research Institute. He is a graduate of the Naval Academy in Annapolis, and Baylor College of Medicine in Houston. He had graduate training in immunology and malaria with Dr. Paul-Henri Lambert at the World Health Organization, Geneva, Switzerland from 1978 to 1979, and post-doctoral training in transplantation biology with Dr. E. Donnell Thomas at the Fred Hutchinson Cancer Research Center in Seattle from 1983 to 1986. He is board certified in Internal Medicine and Medical Oncology. Dr. June founded the Immune Cell Biology Program and was head of the Department of Immunology at the Naval Medical Research Institute from 1990 to 1995. Dr. June rose to Professor in the Departments of Medicine and Cell and Molecular Biology at the Uniformed Services University for the Health Sciences in Bethesda, Maryland before assuming his current positions as of February 1, 1999. Dr. June maintains a research laboratory that studies various mechanisms of lymphocyte activation that relate to immune tolerance and adoptive immunotherapy.

Pramod Srivastava, Ph.D. Dr. Srivastava is Professor of Immunology at the University of Connecticut School of Medicine, where he is also Director of the Center for Immunotherapy of Cancer and Infectious Diseases. He holds the Physicians Health Services Chair in Cancer Immunology at the University. Professor Srivastava is the Scientific Founder of Antigenics, Inc. He serves on the Scientific Advisory Council of the Cancer Research Institute, New York, and was a member of the Experimental Immunology Study Section of the National Institutes of Health of the U.S. Government (1994 to 1999). He serves presently on the Board of Directors of two privately held companies: Ikonisys (New Haven, Connecticut) and CambriaTech (Lugano, Switzerland). In 1997, he was inducted into the Roll of Honor of the International Union Against Cancer and was listed in Who’s Who in Science and Engineering. He is among the 20 founding members of the Academy of Cancer Immunology, New York. Dr. Srivastava obtained his bachelor’s degree in biology and chemistry and a master’s degree in botany (paleontology) from the University of Allahabad, India. He then studied yeast genetics at Osaka University, Japan. He completed his Ph.D. in biochemistry at the Center for Cellular and Molecular Biology, Hyderabad, India, where he began his work on tumor immunity, including identification of the first proteins that can mediate tumor rejection. He trained at Yale University and Sloan-Kettering Institute for Cancer Research. Dr. Srivastava has held faculty positions at the Mount Sinai School of Medicine and Fordham University in New York City.

Bennett Lorber, M.D. Dr. Lorber attended Swarthmore College where he studied zoology and art history. He graduated from the University of Pennsylvania School of Medicine and did his residency in internal medicine and fellowship in infectious diseases at Temple University, following which he joined the Temple faculty. At Temple he rose through the ranks to become Professor of Medicine and, in 1988, was named the first recipient of the Thomas Durant Chair in Medicine. He is also a Professor of Microbiology and Immunology and serves as the Chief of the Section of Infectious Diseases. He is a Fellow of the American College of Physicians, a Fellow of the Infectious Diseases Society of America, and a Fellow of the College of Physicians of Philadelphia where he serves as College Secretary and as a member of the Board of Trustees. Dr. Lorber’s major interest in infectious diseases is in human listeriosis, an area in which he is regarded as an international authority. He has also been interested in the impact of societal changes on infectious disease patterns as well the relationship between infectious agents and chronic illness,

and he has authored papers exploring these associations. He has been repeatedly honored for his teaching; among his honors are 10 golden apples, the Temple University Great Teacher Award, the Clinical Practice Award from the Pennsylvania College of Internal Medicine, and the Bristol Award from the Infectious Diseases Society of America. On two occasions the graduating medical school class dedicated their yearbook to Dr. Lorber. In 1996 he was the recipient of an honorary Doctor of Science degree from Swarthmore College.

David B. Weiner, Ph.D. Dr. David Weiner received his B.S in Biology from the State University of New York and performed undergraduate research in the Department of Microbiology, Chaired by Dr. Arnie Levine, at Stony Brook University. He completed his MS. and Ph.D. in Developmental Biology/Immunology from the Children's Hospital Research Foundation at the University of Cincinnati in 1986. He completed his Post Doctoral Fellowship in the Department of Pathology at the University of Pennsylvania in 1989, under the direction of Dr. Mark Greene. At that time he joined the Faculty at the Wistar Institute in Philadelphia. He was recruited back to the University of Pennsylvania in 1994. He is currently an Associate Professor with Tenure in the Department of Pathology, and he is the Associate Chair of the Gene Therapy and Vaccines Graduate Program at the University of Pennsylvania. Of relevance during his career he has worked extensively in the areas of molecular immunology, the development of vaccines and vaccine technology for infectious diseases and in the area of molecular oncology and immune therapy. His laboratory is considered one of the founders of the field of DNA vaccines as his group not only was the first to report on the use of this technology for vaccines against HIV, but was also the first group to advance DNA vaccine technology to clinical evaluation. In addition he has worked on the identification of novel approaches to inhibit HIV infection by targeting the accessory gene functions of the virus. Dr. Weiner has authored over 260 articles in peer reviewed journals and is the author of 28+ awarded US patents as well as their international counterparts. He has served and still serves on many national and international review boards and panels including NIH Study section, WHO advisory panels, the NIBSC, Department of Veterans Affairs Scientific Review Panel, as well as the FDA Advisory panel - CEBR, and AACTG among others. He also serves or has served in an advisory capacity to several Biotechnology and Pharmaceutical Companies. Dr. Weiner has, through training of young people in his laboratory, advanced over 35 undergraduate scientists to Medical School or Doctoral Programs and has trained 28 Post Doctoral Fellows and 7 Doctoral Candidates as well as served on 14 Doctoral Student Committees.

EMPLOYEES:

As of January 6, 2007, we employ nine employees, all of whom are on a full-time basis. Of these nine employees six employees hold the following degrees: (1 MD, PhD, 4 PhD's & 1 BS) five serve in the research and one serves in the clinical development areas and three serve in the general and administration area.

Our Chairman and Chief Executive Officer, Mr. Tom Moore joined our company on December 15, 2006. Mr. Roni Appel previously served as our President and Chief Executive Officer during the fiscal year 2006 resigned from this position on December 15, 2006. Mr. Appel still serves as a board of director member and remains as consultant to the company.

Dr. John Rothman serves as our Vice President of Clinical and Officer and joined the company on March 7, 2005. Fred Cobb who serves as our Vice President, Finance and Principal Financial Officer and joined the company on February 20, 2006. Doctor Vafa Shahabi serves as our Director of Research and Development and joined the company on March 1, 2005. Two of our Senior Scientists joined the company from Doctor Paterson's lab at Penn.

We anticipate increasing the number of employees in the: clinical area and the research and development area to support clinical requirements, and in the general and administrative and business development areas over the next two years.

Compensation of Officers and Directors

The aggregate compensation paid to our directors and executive officers, including stock based compensation but excluding option value, for the ten months ended October 31, 2004 and for the twelve months ended October 31, 2005 and 2006 was approximately \$235,000, \$669,250 and \$1,169,620, respectively. This amount includes \$0 set aside or accrued to provide pension, severance, retirement, or similar benefits or expenses, but does not include business travel, relocation, professional and business association dues and expenses reimbursed to office holders and other benefits commonly reimbursed or paid by similarly situated companies. With the exception of Mr. Berman who receives \$2,000 a month in company stock at a set price of \$0.50 per share, none of our directors so far has received any compensation for his services as a director other than stock options and reimbursement of expenses.

Compensation Committee Interlocks And Insider Participation

There were no interlocking relationships between us and other entities that might affect the determination of the compensation of its directors and executive officers.

RISK FACTORS

Risks Specific to Us

We are a development stage company.

We are an early stage development stage company with a history of losses and can provide no assurance as to future operating results. As a result of losses which will continue throughout our development stage, we may exhaust our financial resources and be unable to complete the development of our production. Our deficit will continue to grow during our drug development period.

We have sustained losses from operations in each fiscal year since our inception and losses are expected to continue, due to the substantial investment in research and development, for the next five to ten or more years. At October 31, 2006, we had an accumulated deficit of \$9,663,173 and stockholders' equity deficit of \$3,707,141. We expect to spend substantial additional sums on the continued research and development of proprietary products and technologies with no certainty that our products will become commercially viable or profitable as a result of these expenditures.

We will require substantial additional financing in order to meet our business objectives.

Although we believe that the net proceeds received from private placements (i) in November 2004 of the Units of shares of our common stock and of our warrants, and (ii) in February 2006 of our \$3,000,000 Debenture will be sufficient to finance our currently planned operations for the near-term (approximately 12 months), such amounts will not be sufficient to meet our longer-term cash requirements or cash requirements for the commercialization of certain products currently in development. We will be required to find additional equity or debt securities or enter into other financial arrangements, including relationships with corporate and other partners, in order to raise substantial additional capital during the five to ten year period of product development and the United States Food and Drug Administration ("FDA") testing through Phase III testing. Depending upon market conditions, we may not be successful in raising sufficient additional capital for our long-term requirements. If we fail to raise sufficient additional financing we will not be able to develop our product candidates, we will be required to reduce staff, reduce or eliminate research and development, slow the development of our product candidates and outsource or eliminate several business functions. Even if we are successful in raising such additional financing, we may not be able to successfully complete planned clinical trials, development, and marketing of all, or of any, of our product candidates. In such event, our business, prospects, financial condition and results of operations could be materially adversely affected. We may be required to reduce our staff, discontinue certain research or development programs of our future products, and cease to operate. We may not be able to conduct clinical trial in Lovaxin C. See Item 6. "Management's Discussion and Analysis of Financial Condition and Plan of Operations".

Our limited operating history does not afford investors a sufficient history on which to base an investment decision.

We commenced our Listeria System vaccine development business in February 2002 and have existed as a development stage company since such time. Prior thereto we conducted no business. Accordingly, we have a limited operating history. Investors must consider the risks and difficulties we have encountered in the rapidly evolving vaccine and therapeutic biopharmaceutical industry. Such risks include the following:

- competition from companies that have substantially greater assets and financial resources than we have;
 - need for acceptance of products;
 - ability to anticipate and adapt to a competitive market and rapid technological developments;
- amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure;

- need to rely on multiple levels of outside funding due to the length of the product development cycles and governmental approved protocols associated with the pharmaceutical industry; and
 - dependence upon key personnel including key independent consultants and advisors.

We cannot be certain that our strategy will be successful or that we will successfully address these risks. In the event that we do not successfully address these risks, our business, prospects, financial condition and results of operations could be materially and adversely affected. We may be required to reduce our staff, discontinue certain research or development programs of our future products, and cease to operate. We may not be able to conduct our next Lovaxin C clinical trial.

We can provide no assurance of the successful and timely development of new products.

Our products are at various stages of research and development. Further development and extensive testing will be required to determine their technical feasibility and commercial viability. Our success will depend on our ability to achieve scientific and technological advances and to translate such advances into reliable, commercially competitive products on a timely basis. Vaccine products that we may develop are not likely to be commercially available until five to ten or more years. The proposed development schedules for our products may be affected by a variety of factors, including technological difficulties, proprietary technology of others, and changes in governmental regulation, many of which will not be within our control. Any delay in the development, introduction or marketing of our products could result either in such products being marketed at a time when their cost and performance characteristics would not be competitive in the marketplace or in the shortening of their commercial lives. In light of the long-term nature of our projects, the unproven technology involved and the other factors described elsewhere in “Risk Factors”, there can be no assurance that we will be able to complete successfully the development or marketing of any new products. See Item 1. “Business - Research and Development Program”.

Our research and development expenses are subject to uncertainty.

Factors affecting our research and development (or R&D) expenses include, but are not limited to:

- The number of and the outcome of clinical studies we are planning to conduct. For example, our R&D expenses will significantly increase based on the number of late-stage clinical studies which we may be required to conduct;
- The number of products entering into development from late-stage research. For example, there is no guarantee that internal research efforts will succeed in generating sufficient data for us to make a positive development decision or that an external candidate will be available on terms acceptable to us. Some promising candidates may not yield sufficiently positive preclinical results to meet our stringent development criteria;
- In-licensing activities, including the timing and amount of related development funding or milestone payments. For example, we may enter into agreements requiring us to pay a significant up-front fee for the purchase of in-process research and development which we may record as an R&D expense;
- Market conditions. For example when we raise our next round of financing the market conditions may not provide adequate funding.
- As part of our strategy, we invest in R&D. R&D as a percent of future potential revenues can fluctuate with the changes in future levels of revenue. Lower revenues can lead to more limited spending on R&D efforts; and
 - Future levels of revenue.

We are subject to numerous risks inherent in conducting clinical trials.

We must outsource our clinical trials and are in the process of negotiating with third parties to accelerate the completion of our current trial. We are not certain that we will successfully conclude our recruitment for the completion of our clinical trials. Delay in concluding recruitment and such agreements would delay the conclusion of the Phase 1 Trial of Lovaxin C.

Agreements with clinical investigators and medical institutions for clinical testing and with other third parties for data management services place substantial responsibilities on these parties, which could result in delays in, or termination of, our clinical trials if these parties fail to perform as expected. For example, if any of our clinical trial sites fail to comply with FDA-approved good clinical practices, we may be unable to use the data gathered at those sites. If these clinical investigators, medical institutions or other third parties do not carry out their contractual duties or obligations or fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical protocols or for other reasons, our clinical trials may be extended, delayed or terminated, and we may be unable to obtain regulatory approval for or successfully commercialize Lovaxin C.

We, or our regulators may suspend or terminate our clinical trials for a number of reasons. We may voluntarily suspend or terminate our clinical trials if at any time we believe that they present an unacceptable risk to the patients enrolled in our clinical trials. In addition, regulatory agencies may order the temporary or permanent discontinuation of our clinical trials at any time if they believe that the clinical trials are not being conducted in accordance with applicable regulatory requirements or that they present an unacceptable safety risk to the patients enrolled in our clinical trials.

Our clinical trial operations are subject to regulatory inspections at any time. If regulatory inspectors conclude that we or our clinical trial sites are not in compliance with applicable regulatory requirements for conducting clinical trials, we may receive reports of observations or warning letters detailing deficiencies, and we will be required to implement corrective actions. If regulatory agencies deem our responses to be inadequate, or are dissatisfied with the corrective actions we or our clinical trial sites have implemented, our clinical trials may be temporarily or permanently discontinued, we may be fined, we or our investigators may be precluded from conducting any ongoing or any future clinical trials, the government may refuse to approve our marketing applications or allow us to manufacture or market our products, and we may be criminally prosecuted.

The successful development of biopharmaceuticals is highly uncertain.

Successful development of biopharmaceuticals is highly uncertain and is dependent on numerous factors, many of which are beyond our control. Products that appear promising in the early phases of development may fail to reach the market for several reasons including:

- Preclinical study results that may show the product to be less effective than desired (e.g., the study failed to meet its primary objectives) or to have harmful or problematic side effects;
- Failure to receive the necessary regulatory approvals or a delay in receiving such approvals. Among other things, such delays may be caused by slow enrollment in clinical studies, length of time to achieve study endpoints, additional time requirements for data analysis, or BLA preparation, discussions with the FDA, an FDA request for additional preclinical or clinical data, or unexpected safety or manufacturing issues.
- Manufacturing costs, pricing or reimbursement issues, or other factors that make the product uneconomical; and
- The proprietary rights of others and their competing products and technologies that may prevent the product from being commercialized.

Success in preclinical and early clinical studies does not ensure that large-scale clinical studies will be successful. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. The length of time necessary to complete clinical studies and to submit an application for marketing approval for a final decision by a regulatory authority varies significantly from one product to the next, and may be difficult to predict.

We must comply with significant government regulations.

The research and development, manufacture and marketing of human therapeutic and diagnostic products are subject to regulation, primarily by the FDA in the United States and by comparable authorities in other countries. These national agencies and other federal, state, local and foreign entities regulate, among other things, research and development activities (including testing in animals and in humans) and the testing, manufacturing, handling, labeling, storage, record keeping, approval, advertising and promotion of the products that we are developing. Noncompliance with applicable requirements can result in various adverse consequences, including, delay in approving or refusal to approve product licenses or other applications, suspension or termination of clinical investigations, revocation of approvals previously granted, fines, criminal prosecution, recall or seizure of products, injunctions against shipping products and total or partial suspension of production and/or refusal to allow a company to enter into governmental supply contracts.

The process of obtaining requisite FDA approval has historically been costly and time consuming. Current FDA requirements for a new human drug or biological product to be marketed in the United States include: (1) the successful conclusion of preclinical laboratory and animal tests, if appropriate, to gain preliminary information on the product's safety; (2) filing with the FDA of an Investigational New Drug Application ("INDA"), to conduct human clinical trials for drugs or biologics; (3) the successful completion of adequate and well-controlled human clinical investigations to establish the safety and efficacy of the product for its recommended use; and (4) filing by a Company

and acceptance and approval by the FDA of a New Drug Application ("NDA") for a drug product or a "BLA" for a biological product to allow commercial distribution of the drug or biologic. A delay in one or more of the procedural steps outlined above could be harmful to us in terms of getting our product candidates through clinical testing and to market.

We can provide no assurance that the Advaxis products will obtain regulatory approval or that the results of clinical studies will be favorable.

We received in February 2006 permission from the appropriate governmental agencies in Israel, Mexico and Serbia to conduct in those countries Phase I clinical testing of Lovaxin C, our Listeria based cancer vaccine which targets cervical cancer in women. However, the testing, marketing and manufacturing of any product for sale or distribution in the United States will require filing with and the approval of the FDA. We cannot predict with any certainty the amount of time necessary to obtain such FDA approval or further approval, if any, from Israel, Mexico or Serbia and whether any such approval will ultimately be granted. Preclinical and clinical trials may reveal that one or more products is ineffective or unsafe, in which event further development of such products could be seriously delayed or terminated. Moreover, obtaining approval for certain products may require the testing on human subjects of substances whose effects on humans are not fully understood or documented. Delays in obtaining FDA or any other necessary regulatory approvals of any proposed product and failure to receive such approvals would have an adverse effect on the product's potential commercial success and on our business, prospects, financial condition and results of operations. In addition, it is possible that a product may be found to be ineffective or unsafe due to conditions or facts which arise after development has been completed and regulatory approvals have been obtained. In this event, we may be required to withdraw such product from the market. To the extent that our success will depend on any regulatory approvals from governmental authorities outside of the United States which perform roles similar to that of the FDA, uncertainties similar to those stated above will also exist. See "Item 1. Business - Governmental Regulation".

We rely upon patents to protect our technology. We may be unable to protect our intellectual property rights and we may be liable for infringing the intellectual property rights of others.

Our ability to compete effectively will depend on our ability to maintain the proprietary nature of our technologies, including the Listeria System, and the proprietary technology of others with which we have entered into licensing agreements. We have licensed eleven patents and fifteen patents are pending from Penn. Further, we rely on a combination of trade secrets and nondisclosure, and other contractual agreements and technical measures to protect our rights in the technology. We depend upon confidentiality agreements with our officers, employees, consultants, and subcontractors to maintain the proprietary nature of the technology. These measures may not afford us sufficient or complete protection, and others may independently develop technology similar to ours, otherwise avoid the confidentiality agreements, or produce patents that would materially and adversely affect our business, prospects, financial condition, and results of operations. Such competitive events, technologies and patents may limit our ability to raise funds, prevent other companies from collaborating with us, and in certain cases prevent us from further developing our technology due to third party patent blocking right.

We believe that our technology and the technology licensed from Penn do not infringe the rights of others; however, we cannot assure you that the technology licensed from Penn will not, in the future be found to infringe upon the rights of others. We have become aware of a public company, Cerus Corporation, which has issued a press release claiming to have a proprietary Listeria-based approach to a cancer vaccine. We believe that through our exclusive license with Penn, we have earlier priority filing dates of certain applications and a dominant patent position for the use of recombinant Listeria monocytogenes expressing proteins or tumor antigens as a vaccine for the treatment of infectious diseases and tumors. Based on searches of publicly available databases, we do not believe that Cerus or The University of California Berkeley (which is where Cerus' consulting scientist works) or any other third party owns any published Listeria patents or has any issued patent claims that might materially negatively affect our freedom to operate our business as currently contemplated in the field of recombinant Listeria monocytogenes.

Cerus has filed an opposition against European Patent Application Number 0790835 (EP 835 Patent) which was granted by the European Patent Office and which is assigned to The Trustees of the University of Pennsylvania and exclusively licensed to us. Cerus' allegations in the Opposition are that the EP 835 Patent, which claims a vaccine for inducing a tumor specific antigen with a recombinant live Listeria, is deficient because of (i) insufficient disclosure in the specifications of the granted claims, (ii) the inclusion of additional subject matter in the granted claims, and (iii) a lack of inventive steps of the granted claims of the EP 835 Patent.

On November 29, 2006, following oral proceedings, the Opposition Division of the European Patent Office determined that the claims of the patent as granted should be revoked due to lack of inventive step under European Patent Office rules based on certain prior art publications. This decision has no material effect upon our ability to conduct business as currently contemplated.

We will review the formal written decision in order to evaluate whether to file an appeal. In the event of an appeal there is no assurance that it will be successful. If such ruling is upheld on appeal, our patent position in Europe may be eroded. The likely result of this decision will be increased competition for us in the European market for recombinant live Listeria based vaccines for tumor specific antigens. Regardless of the outcome, we believe that our freedom to operate in Europe, or any other territory, for recombinant live Listeria based vaccine for tumor specific antigen products will not be diminished.

Regardless of the outcome, we believe that our freedom to operate in Europe, or any other territory, for recombinant live Listeria based vaccine for tumor specific antigen products will not be diminished. See “Item 1. Partnerships and Agreements-Penn.

For more information about Cerus Corporation and its claims with respect to listeria-based technology, you should visit their web site at www.cerus.com or to view its publicly filed documents, www.sec.gov. Others may assert infringement claims against us, and should we be found to infringe upon their patents, or otherwise impermissibly utilize their intellectual property, our ability to continue to use our technology or the licensed technology could be materially restricted or prohibited. If this event occurs, we may be required to obtain licenses from the holders of our intellectual property, enter into royalty agreements or redesign our products so as not to utilize this intellectual property, each of which may prove to be uneconomical or otherwise impossible. Licenses or royalty agreements required in order for us to use this technology may not be available on acceptable terms, or at all. These claims could result in litigation, which could materially adversely affect our business, prospects, financial condition and results of operations. Such competitive events, technologies and patents may limit our ability to raise funds, prevent other companies from collaborating with us, and in certain cases prevent us from further developing our technology due to third party patent blocking right. See Item 1. “Business—Patents and Licenses”.

We are dependent upon our license agreement with Penn, as well as proprietary technology of others.

The manufacture and sale of any products developed by us will involve the use of processes, products or information, the rights to certain of which are owned by others. Although we have obtained licenses with regard to the use of Penn’s patents as described herein and certain of such processes, products and information of others, we can provide no assurance that such licenses will not be terminated or expire during critical periods, that we will be able to obtain licenses for other rights which may be important to us, or, if obtained, that such licenses will be obtained on commercially reasonable terms.

If we are unable to maintain and/or obtain licenses, we may have to develop alternatives to avoid infringing or the patents of others, potentially causing increased costs and delays in product development and introduction or preclude the development, manufacture, or sale of planned products. Some of our licenses provide for limited periods of exclusivity that require minimum license fees and payments and/or may be extended only with the consent of the licensor. We can provide no assurance that we will be able to meet these minimum license fees in the future or that these third parties will grant extensions on any or all such licenses. This same restriction may be contained in licenses obtained in the future. Additionally, we can provide no assurance that the patents underlying any licenses will be valid and enforceable. Furthermore, we call to your attention that in 2001 an issue arose regarding the inventorship of U.S. Patent 6,565,852 and U.S. Patent Application No. 09/537,642. These patent rights are included in the patent rights licensed by Advaxis from Penn. It is contemplated by GSK, Penn and us that the issue will be resolved through: (1) a correction of inventorship to add certain GSK inventors, (2) where necessary and appropriate, an assignment of GSK’s possible rights under these patent rights to Penn, and (3) a sublicense from us to GSK of certain subject matter, which is not central to our business plan. To date, this arrangement has not been finalized and we cannot assure that this issue will ultimately be resolved in the manner described above. See “Item 1. Business - Patents and Licenses”. To the extent any products developed by us are based on licensed technology, royalty payments on the licenses will reduce our gross profit from such product sales and may render the sales of such products uneconomical. See “Item 1. Business - Partnerships and Agreements - Penn”.

For more information about Cerus Corporation and its claims with respect to Listeria-based technology, you should visit their web site at www.cerus.com or to view its publicly filed documents.

We have no manufacturing, sales, marketing or distribution capability and we must rely upon third parties for such.

We do not intend to create facilities to manufacture our products and therefore are dependent upon third parties to do so. We currently have an agreement with Cobra Manufacturing for production of our vaccines for research and development and testing purposes. Our reliance on third parties for the manufacture of our products creates a dependency that could severely disrupt our research and development, our clinical testing, and ultimately our sales and marketing efforts if the source of such supply proves to be unreliable or unavailable. If the contracted manufacturing source is unreliable or unavailable, we may not be able to replace the development of our product candidates, including the clinical testing program, could not go forward and our entire business plan could fail.

If we are unable to establish or manage strategic collaborations in the future, our revenue and product development may be limited.

Our strategy includes eventual substantial reliance upon strategic collaborations for marketing and commercialization of Lovaxin C, and we may rely even more on strategic collaborations for research, development, marketing and commercialization of our other product candidates. To date, we have not entered into any strategic collaborations with third parties capable of providing these services although we have been heavily reliant upon third party outsourcing for our research and development activities. In addition, we have not yet marketed or sold any of our product candidates or entered into successful collaborations for these services in order to ultimately commercialize our product candidates. Establishing strategic collaborations is difficult and time-consuming. Our discussion with potential collaborators may not lead to the establishment of collaborations on favorable terms, if at all. For example, potential collaborators may reject collaborations based upon their assessment of our financial, regulatory or intellectual property position. If we successfully establish new collaborations, these relationships may never result in the successful development or commercialization of our product candidates or the generation of sales revenue. To the extent that we enter into co-promotion or other collaborative arrangements, our product revenues are likely to be lower than if we directly marketed and sold any products that we may develop.

Management of our relationships with our collaborators will require:

- significant time and effort from our management team;
- coordination of our research and development programs with the research and development priorities of our collaborators; and
- effective allocation of our resources to multiple projects.

If we continue to enter into research and development collaborations at the early phases of product development, our success will in part depend on the performance of our corporate collaborators. We will not directly control the amount or timing of resources devoted by our corporate collaborators to activities related to our product candidates. Our corporate collaborators may not commit sufficient resources to our research and development programs or the commercialization, marketing or distribution of our product candidates. If any corporate collaborator fails to commit sufficient resources, our preclinical or clinical development programs related to this collaboration could be delayed or terminated. Also, our collaborators may pursue existing or other development-stage products or alternative technologies in preference to those being developed in collaboration with us. Finally, if we fail to make required milestone or royalty payments to our collaborators or to observe other obligations in our agreements with them, our collaborators may have the right to terminate those agreements.

We may incur substantial liabilities from any product liability claims if our insurance coverage for those claims is inadequate.

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials, and will face an even greater risk if the product candidates are sold commercially. An individual may bring a liability claim against us if one of the product candidates causes, or merely appears to have caused, an injury. If we cannot successfully defend ourselves against the product liability claim, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for our product candidates,
 - injury to our reputation,
 - withdrawal of clinical trial participants,
 - costs of related litigation,
- substantial monetary awards to patients or other claimants,
 - loss of revenues,
- the inability to commercialize product candidates, and

- increased difficulty in raising required additional funds in the private and public capital markets.

We currently have insurance covering our clinical trial sites. We do not have product liability insurance because we do not have products on the market. We intend to obtain insurance coverage and to expand such coverage to include the sale of commercial products if marketing approval is obtained for any of our product candidates. However, insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost and we may not be able to obtain insurance coverage that will be adequate to satisfy any liability that may arise.

We may incur significant costs complying with environmental laws and regulations.

We will use hazardous materials, including chemicals and biological agents and compounds that could be dangerous to human health and safety or the environment. As appropriate, we will store these materials and wastes resulting from their use at our or our outsourced laboratory facility pending their ultimate use or disposal. We will contract with a third party to properly dispose of these materials and wastes. We will be subject to a variety of federal, state and local laws and regulations governing the use, generation, manufacture, storage, handling and disposal of these materials and wastes. We may also incur significant costs complying with environmental laws and regulations adopted in the future.

If we use biological and hazardous materials in a manner that causes injury, we may be liable for damages.

Our research and development and manufacturing activities will involve the use of biological and hazardous materials. Although we believe our safety procedures for handling and disposing of these materials will comply with federal, state and local laws and regulations, we cannot entirely eliminate the risk of accidental injury or contamination from the use, storage, handling or disposal of these materials. We do not carry specific biological or hazardous waste insurance coverage, workers compensation or property and casualty and general liability insurance policies which include coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended or terminated.

We need to attract and retain highly skilled personnel; we may be unable to effectively manage growth with our limited resources.

At the date of this report, we have nine employees. We intend to expand our operations and staff as needed. Our new employees may include key managerial, technical, financial, research and development and operations personnel who will not have been fully integrated into our operations. We expect the expansion of our business to place a significant strain on our limited managerial, operational and financial resources. We will be required to expand our operational and financial systems significantly and to expand, train and manage our work force in order to manage the expansion of our operations. Our failure to fully integrate our new employees into our operations could have a material adverse effect on our business, prospects, financial condition and results of operations. Our ability to attract and retain highly skilled personnel is critical to our operations and expansion. We face competition for these types of personnel from other technology companies and more established organizations, many of which have significantly larger operations and greater financial, technical, human and other resources than we have. We may not be successful in attracting and retaining qualified personnel on a timely basis, on competitive terms, or at all. If we are not successful in attracting and retaining these personnel, our business, prospects, financial condition and results of operations will be materially adversely affected. In such circumstances we may be unable to conduct certain research and development programs, unable to adequately manage our clinical trials of Lovaxin C and other products, and unable to adequately address the management needs of the Company. See “Item 6. Management’s Discussion and Analysis of Financial Condition and Results of Operations and Plan of Operations”, “Item 1. Business - Strategy”, and “Business--Employees.”

We depend upon our senior management and key consultants and their loss or unavailability could put us at a competitive disadvantage.

We depend upon the efforts and abilities of our senior executive, as well as the services of several key consultants, including Yvonne Paterson, Ph.D. The loss or unavailability of the services of any of these individuals for any significant period of time could have a material adverse effect on our business, prospects, financial condition and

results of operations. We have not obtained, do not own, nor are we the beneficiary of, key-person life insurance. See “Item 10. Executive Compensation—Employment Agreements”.

Risks Related to the Biotechnology / Biopharmaceutical Industry

The biotechnology and biopharmaceutical industries are characterized by rapid technological developments and a high degree of competition. We may be unable to compete with more substantial enterprises. The biotechnology and biopharmaceutical industries are characterized by rapid technological developments and a high degree of competition. Competition in the biopharmaceutical industry is based significantly on scientific and technological factors. These factors include the availability of patent and other protection for technology and products, the ability to commercialize technological developments and the ability to obtain governmental approval for testing, manufacturing and marketing. We compete with specialized biopharmaceutical firms in the United States, Europe and elsewhere, as well as a growing number of large pharmaceutical companies that are applying biotechnology to their operations. Many biopharmaceutical companies have focused their development efforts in the human therapeutics area, including cancer. Many major pharmaceutical companies have developed or acquired internal biotechnology capabilities or made commercial arrangements with other biopharmaceutical companies. These companies, as well as academic institutions and governmental agencies and private research organizations, also compete with us in recruiting and retaining highly qualified scientific personnel and consultants. Our ability to compete successfully with other companies in the pharmaceutical field will also depend to a considerable degree on the continuing availability of capital to us.

We are aware of certain products under development or manufactured by competitors that are used for the prevention, diagnosis, or treatment of certain diseases we have targeted for product development. Various companies are developing biopharmaceutical products that potentially directly compete with our product candidates even though their approach to such treatment is different. Several companies, such as Cerus Corporation, in particular, Dandreon Corporation and CancerVax Corporation, are developing cancer vaccines which would be directly competitive with our product candidates. In addition, numerous other companies, many of which have greater financial resources than we do, are actively engaged in the research and development of cancer vaccines, and are in Stage II and Stage III Testing of such products. Such companies include: Antigenics, Inc.; Avi BioPharma, Inc.; Biomira, Inc.; Corixa Corporation; Dendreon Corporation; Epimmune, Inc.; Genzyme Corp.; Progenics Pharmaceuticals, Inc.; Vical Incorporated; CancerVax Corporation; Genitope Corporation; and Xcyte Therapies, Inc.

We expect that our products under development and in clinical trials will address major markets within the cancer sector. Our competition will be determined in part by the potential indications for which drugs are developed and ultimately approved by regulatory authorities. Additionally, the timing of market introduction of some of our potential products or of competitors' products may be an important competitive factor. Accordingly, the relative speed with which we can develop products, complete preclinical testing, clinical trials and approval processes and supply commercial quantities to market is expected to be important competitive factors. We expect that competition among products approved for sale will be based on various factors, including product efficacy, safety, reliability, availability, price and patent position. See "Item 1. Business - Research and Development Programs" and "Business - Competition".

Risks Related to the Securities Markets and Investments in our Common Stock

The price of our common stock may be volatile.

The trading price of our common stock may fluctuate substantially. The price of the common stock that will prevail in the market after the sale of the shares of common stock by the selling stockholders may be higher or lower than the price you have paid, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose part or all of your investment in our common stock. Those factors that could cause fluctuations include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time to time;
- fluctuations in stock market prices and trading volumes of similar companies;

actual or anticipated changes in our earnings or fluctuations in our operating results or in the expectations of securities analysts;

- general economic conditions and trends;
 - major catastrophic events;
 - sales of large blocks of our stock;
 - departures of key personnel;
- changes in the regulatory status of our product candidates, including results of our clinical trials;
 - events affecting Penn or any future collaborators;
- announcements of new products or technologies, commercial relationships or other events by us or our competitors;
 - regulatory developments in the United States and other countries;
- failure of our common stock to be listed quoted on the Nasdaq Small Cap Market, American Stock Exchange or other national market system;
 - changes in accounting principles; and
- discussion of the company or our stock price by the financial and scientific press and in online investor communities.
 - The impact of the embedded conversion feature in the secured convertible debenture.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Due to the potential volatility of our stock price, we may therefore be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

If additional authorized shares of our common stock available for issuance or shares eligible for future sale were introduced into the market, it could hurt our stock price.

We are authorized to issue 500,000,000 shares of common stock. As of December 31, 2006, there were an aggregate of 41,147,363 shares of our common stock issued and outstanding on a fully diluted basis. In addition, 6,959,077 shares of our common stock may be issued upon the exercise of currently outstanding stock options and 25,009,220 shares of common stock may be issued upon the exercise of current outstanding warrants subject to certain restrictions and or dilution clauses. There is a significant amount of additional shares that may be issued as a result of: i. raising of additional funds in the near future at terms that may trigger existing anti-dilutive clauses in certain outstanding warrants and future options awards, ii. the conversion of the remaining \$2,575,000 principal amount existing convertible secured debenture. Of the \$3,000,000 convertible secured debenture the outstanding principal balance as of December 31, 2006 was \$2,575,000. The \$425,000 principal amount of the debenture conversion converted into 2,641,940 common shares at an overage of \$0.161 per share since inception of the debenture. The future dilution of this conversion due to the embedded conversion and warrants features of this instrument along with the actions of Cornell Capital Partners to hold or sell the shares converted will materially affect the market price as well as the dilution of the other outstanding instruments that may trigger anti-dilutive clauses. We are unable to estimate the amount, timing or nature of future sales of outstanding common stock. Sales of substantial amounts of the common stock in the public market by these holders or perceptions that such sales may take place may lower the common stock's market price.

Our common stock is considered to be "penny stock".

Our common stock may be deemed to be "penny stock" as that term is defined in Rule 3a51-1, promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Penny stocks are stocks:

- with a price of less than \$5.00 per share;
- that are not traded on a "recognized" national exchange;
- whose prices are not quoted on the NASDAQ automated quotation system; or
- of issuers with net tangible assets less than \$2,000,000 (if the issuer has been in continuous operation for at least three years) or \$5,000,000 (if in continuous operation for less than three years), or with average revenue of less than \$6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 promulgated thereunder require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a "penny stock" for the investor's account. We urge potential investors to obtain and read this disclosure carefully before purchasing any shares that are deemed to be "penny stock."

Rule 15g-9 promulgated under the Exchange Act requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any "penny stock" to that investor. This procedure requires the broker-dealer to:

- obtain from the investor information about his or her financial situation, investment experience and investment objectives;
- reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has enough knowledge and experience to be able to evaluate the risks of "penny stock" transactions;

- provide the investor with a written statement setting forth the basis on which the broker-dealer made his or her determination; and
- receive a signed and dated copy of the statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives.

Compliance with these requirements may make it harder for investors in our common stock to resell their shares to third parties. Accordingly, our common stock should only be purchased by investors, who understand that such investment is a long-term and illiquid investment, and are capable of and prepared to bear the risk of holding the common stock for an indefinite period of time.

We will incur increased costs as a result of recently enacted and proposed changes in laws and regulations relating to corporate governance matters.

Recently enacted and proposed changes in the laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and rules adopted or proposed by the SEC and by the Nasdaq Stock Market, will result in increased costs to us as we evaluate the implications of these laws and regulations and respond to their requirements. These laws and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We are presently evaluating and monitoring developments with respect to these laws and regulations and cannot predict or estimate the amount or timing of additional costs we may incur to respond to their requirements.

A limited public trading market may cause volatility in the price of our common stock.

Our common stock began trading on the OTC:BB on July 28, 2005 and is quoted under the symbol ADXS. The quotation of our common stock on the OTC:BB does not assure that a meaningful, consistent and liquid trading market currently exists, and in recent years such market has experienced extreme price and volume fluctuations that have particularly affected the market prices of many smaller companies like us. Our common stock is thus subject to this volatility. Sales of substantial amounts of common stock, or the perception that such sales might occur, could adversely affect prevailing market prices of our common stock and our stock price may decline substantially in a short time and our shareholders could suffer losses or be unable to liquidate their holdings. Our stock is thinly traded due to the limited number of shares available for trading on the market thus causing large swing in price.

There is no assurance of an established public trading market.

A regular trading market for our common stock may not be sustained in the future. The NASD has enacted recent changes that limit quotation on the OTC Bulletin Board to securities of issuers that are current in their reports filed with the SEC. The effect on the OTC Bulletin Board of these rule changes and other proposed changes cannot be determined at this time. The OTC Bulletin Board is an inter-dealer, over-the-counter market that provides significantly less liquidity than the NASDAQ Stock Market. Quotes for stocks included on the OTC Bulletin Board are not listed in the financial sections of newspapers as are those for the NASDAQ Stock Market. Therefore, prices for securities traded solely on the OTC:BB may be difficult to obtain and holders of common stock may be unable to resell their securities at or near their original offering price or at any price. Market prices for our common stock will be influenced by a number of factors, including:

- The issuance of new equity securities pursuant to a future offering;
 - Changes in interest rates;
- Competitive developments, including announcements by competitors of new products or services or significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
 - Variations in quarterly operating results
 - Change in financial estimates by securities analysts;
 - The depth and liquidity of the market for our common stock;
- Investor perceptions of our company and the technologies industries generally; and
 - General economic and other national conditions.

Our common stock is quoted on the OTC:BB. In addition we are subject to a covenant to use our best efforts to apply to be listed on the American Stock Exchange or quoted on the Nasdaq National Stock Market.

We may not be able to achieve secondary trading of our stock in certain states because our common stock is not nationally traded.

Because our common stock is not approved for trading on the Nasdaq National Market or listed for trading on a national securities exchange, our common stock is subject to the securities laws of the various states and jurisdictions of the United States in addition to federal securities law. This regulation covers any primary offering we might attempt and all secondary trading by our stockholders. While we intend to take appropriate steps to register our common stock or qualify for exemptions for our common stock, in all of the states and jurisdictions of the United States, if we fail to do so the investors in those jurisdictions where we have not taken such steps may not be allowed to purchase our stock or those who presently hold our stock may not be able to resell their shares without substantial effort and expense. These restrictions and potential costs could be significant burdens on our stockholders.

Our executive officers, directors and principal stockholders control our business and may make decisions that are not in our best interests.

Our officers, directors and principal stockholders, and their affiliates, in the aggregate, beneficially own, as of October 31, 2006, more than one-third of the outstanding shares of our common stock on a fully diluted basis. As a result, such persons, acting together, have the ability to substantially influence all matters submitted to our stockholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets, and to control our management and affairs. Accordingly, such concentration of ownership may have the effect of delaying, deferring or preventing a change in discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would be beneficial to other stockholders.

Sales of additional equity securities may adversely affect the market price of our common stock and your rights in us may be reduced.

We expect to continue to incur product development and selling, general and administrative costs, and in order to satisfy our funding requirements, we will need to sell additional equity securities, which may be subject to registration rights. The sale or the proposed sale of substantial amounts of our common stock in the public markets may adversely affect the market price of our common stock and our stock price may decline substantially. Our stockholders may experience substantial dilution and a reduction in the price that they are able to obtain upon sale of their shares. Also, new equity securities issued may have greater rights, preferences or privileges than our existing common stock.

Additional authorized shares of common stock available for issuance may adversely affect the market.

We are authorized to issue 500,000,000 shares of our common stock. As of December 31, 2006, we had 41,147,363 shares of our common stock issued and outstanding, excluding shares issuable upon exercise of our outstanding warrants and options. As of December 31, 2006, we had outstanding 6,959,077 options to purchase shares of our common stock at a weighted exercise price of \$0.25 per share and outstanding warrants to purchase 25,009,220 shares of our common stock, with exercise prices ranging from \$0.1952 to \$0.40 per share. In addition we have reserved 12,334,495 shares of common stock for an issuance upon conversion of principal of and payment of interest on our Debenture at the Fixed Conversion Price of \$0.287 per share (larger amounts given the embedded conversion feature and the lower than the Market Conversion Price rather than the Fixed Conversion Price). There are 4,200,000 shares upon exercise A Warrants at a price of \$0.287 and 300,000 shares upon exercise B Warrants at a price of \$0.344 per share subject to dilution included in the warrants outstanding. Pursuant to our 2004 Stock Option Plan, 2,381,525 shares of common stock are reserved for issuance under the plan. Pursuant to our 2005 Stock Option Plan, 5,600,000 shares of common stock are reserved for issuance under the plan. To the extent the shares of common stock are issued or options and warrants are exercised, holders of our common stock will experience dilution. In addition, in the event of any future financing of equity securities or securities convertible into or exchangeable for, common stock, holders of our common stock may experience dilution.

Shares eligible for future sale may adversely affect the market.

From time to time, certain of our stockholders may be eligible to sell all or some of their shares of common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144 (“Rule 144”) promulgated under the Securities Act of 1933, as amended (the “Securities Act of 1933”), subject to certain limitations. In general, pursuant to Rule 144, a stockholder (or stockholders whose shares are aggregated) who has satisfied a one-year holding period may, under certain circumstances, sell within any three-month period a number of securities which does not exceed the greater of 1% of the then outstanding shares of common stock or the average weekly trading volume of the class during the four calendar weeks prior to such sale. Rule 144 also permits, under certain circumstances, the sale of securities, without any limitations, by a non-affiliate of our company who has satisfied a two-year holding period. Any substantial sale of our common stock pursuant to Rule 144 or pursuant to any resale prospectus may have an adverse effect on the market price of our securities.

An aggregate of 47,841,513 shares of common stock are registered under the Securities Act under the registration statement filed on April 19, 2006 for reoffering by a selling stockholder upon conversion of principal and interest on Debentures and exercise of the warrants subject to its agreement not to acquire shares upon conversion or exercise if it would result in it and its affiliates owning more than 4.9% of our then outstanding shares. 56,730,045 shares of common stock are also registered with the SEC for reoffering by other selling stockholders of which 18,961,113 shares are to be offered for resale upon exercise of warrants. These shares would otherwise be eligible for future sale under Rule 144 after passage of the minimum one year holding period for holders who are not officers, directors or affiliates of the Company. The registration and subsequent sales of such shares of common stock will likely have an adverse effect on the market price of our common stock.

Our Articles of Incorporation provide for the authorization of 5,000,000 shares of “blank check” preferred stock. Pursuant to our Articles of Incorporation, our Board of Directors is authorized to issue such “blank check” preferred stock with rights that are superior to the rights of stockholders of our common stock, at a purchase price then approved by our Board of Directors, which purchase price may be substantially lower than the market price of shares of our common stock, without stockholder approval. We are able to issue shares of preferred stock with rights superior to those of holders of our common stock. Such issuances can dilute the tangible net book value of shares of our common stock. However, we have agreed not to issue without the consent of the Debenture holder any shares of preferred stock or common stock at a price less than the closing bid price of a share of our common stock as long as there is outstanding at least \$500,000 principal amount of the Debenture.

The conversion of the Debentures could encourage short sales by third parties, which could contribute to the future decline of our stock price and materially dilute existing stockholders' equity and voting rights.

The conversion of the Debentures into common stock has the potential to cause significant downward pressure on the price of our common stock. This is particularly the case if the shares being placed into the market following conversion exceed the market's ability to absorb the increased number of shares. Such an event could place further downward pressure on the price of our common stock, presenting an opportunity to short sellers and others to contribute to the future decline of our stock price. If there are significant short sales of our stock, the price decline that would result from this activity will cause the share price to decline more so, which, in turn, may cause long holders of the stock to sell their shares thereby contributing to sales of stock in the market. If there is an imbalance on the sell side of the market for the stock, our stock price will decline. If this occurs, the number of shares of our common stock that is issuable upon conversion of the Debentures issued in February 2, 2006 and March 8, 2006 will increase, which will materially dilute existing stockholders' equity and voting rights. See Financial Footnotes Secured Convertible Debenture.

We are able to issue shares of preferred stock with rights superior to those of holders of our common stock. Such issuances can dilute the tangible net book value of shares of our common stock.

Our Certification of Incorporation provide for the authorization of 5,000,000 shares of “blank check” preferred stock. Pursuant to our Certificate of Incorporation, our Board of Directors is authorized to issue such “blank check” preferred stock with rights that are superior to the rights of stockholders of our common stock, at a purchase price then approved by our Board of Directors, which purchase price may be substantially lower than the market price of shares of our common stock, without stockholder approval.

We do not intend to pay dividends.

We have never declared or paid any dividends on our securities. We currently intend to retain our earnings for funding growth and, therefore, do not expect to pay any dividends in the foreseeable future.

Item 2: Description of Property.

Our corporate offices are currently located at a biotech industrial park located at 675 Rt. 1, Suite B113, North Brunswick, NJ 08902. We have entered into a lease effective June 1, 2005: and certain lease amendments as of November 15, 2005 and a second Lease Amendment as of March 15, 2006 and a third lease amendment as of October 1, 2006 with the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (NJEDA) which will continue on a monthly basis at for two research and development Laboratory units (total of 1,600 s.f.) and two offices (total of 250 s.f.). Our facility will be sufficient for our near term purposes and the facility offers additional space for our foreseeable future. Our monthly payment on this facility is approximately \$6,000 per month. The term of the lease expires on May 31, 2007 and upon mutual consent, this lease may be renewed for one year. NJEDA is allowed to bill the company for a one time Milestone Rent based on raising greater than \$1MM but less than \$5MM equity raise. They billed the company \$2,500 for this milestone in anticipation of the conversion of the debenture into the equity. In the event that our facility should, for any reason, become unavailable, we believe that alternative facilities are available at competitive rates.

Item 3: Legal Proceedings.

There are no material legal proceedings threatened against us. In the ordinary course of our business we may become subject to litigation regarding our products or our compliance with applicable laws, rules, and regulations. Aventis, Inc. has filed trademark opposition proceedings in Canada against our trademark application for Lovaxin. That opposition is still pending.

The U.S. trademark application for Lovaxin has been allowed by the United States Patent and Trademark Office and is pending. Trademark applications in China and in the European Union for Lovaxin are also pending. The Chinese application was recently published for opposition, and the European Union application has passed through the opposition stage. This action will impact the naming of our products.

The U.S. trademark applications for Advaxis and for Advaxis and design, Serial Nos. 78/252527 and 78/252586, have been withdrawn. Oppositions to those applications have been terminated in favor of Aventis, Inc.

In 2006, Nycomed Pharma, of Sweden, claimed owner of the mark Levaxin, filed an opposition to our CTM (European Union) application to register Lovaxin. The opposition was refused solely on procedural grounds. If our CTM application is ultimately granted, Nycomed Pharma may file to cancel such registration of Lovaxin. Nycomed Pharma has also demanded that we cease to use Lovaxin in Sweden.

Cerus has filed an opposition against European Patent Application Number 0790835 (EP 835 Patent) which was granted by the European Patent Office and which is assigned to The Trustees of the University of Pennsylvania and exclusively licensed to us. Cerus' allegations in the Opposition are that the EP 835 Patent, which claims a vaccine for inducing a tumor specific antigen with a recombinant live Listeria, is deficient because of (i) insufficient disclosure in the specifications of the granted claims, (ii) the inclusion of additional subject matter in the granted claims, and (iii) a lack of inventive steps of the granted claims of the EP 835 Patent.

On November 29, 2006, following oral proceedings, the Opposition Division of the European Patent Office determined that the claims of the patent as granted should be revoked due to lack of inventive step under European Patent Office rules based on certain prior art publications. This decision has no material effect upon our ability to conduct business as currently contemplated.

We will review the formal written decision in order to evaluate whether to file an appeal. In the event of an appeal there is no assurance that it will be successful. If such ruling is upheld on appeal, our patent position in Europe may be eroded. The likely result of this decision will be increased competition for us in the European market for recombinant

live Listeria based vaccines for tumor specific antigens. Regardless of the outcome, we believe that our freedom to operate in Europe, or any other territory, for recombinant live Listeria based vaccine for tumor specific antigen products will not be diminished.

For more information about Cerus Corporation and its claims with respect to Listeria-based technology, you should visit their web site at www.cerus.com or to view its publicly filed documents

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

At our Annual Meeting of Stockholders held on June 6, 2006, stockholders took the following actions:

	Votes For	Votes Against
Election of Directors:		
J. Todd Derbin	28,450,225	233,990
Roni Appel	28,629,515	54,700
James Patton	28,629,515	54,700
Thomas McKearn	28,629,515	54,700
Martin Wade	28,629,515	54,700
Richard Berman	28,629,515	54,700

	Votes For	Votes Against	Abstentions	Broker Non-votes
Approved and adopted the 2005 Stock Option Plan	18,543,773	66,200	6,374,683	
Approved the reincorporation of the Company from the state of Colorado to the state of Delaware	24,966,456	6,200	7,000	
Ratified the appointment by the Board of Directors of Goldstein Golub Kessler LLP as auditor of the Company's financial statements for the year ending October 31, 2006	22,320,326	1,200	6,362,688	

PART II

Item 5: Market for Registrant's Common Equity and Related Stockholder Matters

Since July 28, 2005, our Common Stock has quoted on the OTC:BB symbol ADXS. The following table shows, for the periods indicated, the high and low sales prices per share of our Common Stock as reported by the OTC:BB. As of January 16, 2007 there were approximately 83 stockholders of record and the closing sale price of Advaxis common stock \$0.163 per share as reported by the OTC:BB.

Common Stock

	Fiscal 2006		Fiscal 2005	
	High	Low	High	Low
First Quarter November 1-January 31	\$0.27	\$0.16	N/A	N/A
Second Quarter February 1- April 30.....	\$0.37	\$0.21	N/A	N/A
Third Quarter...May 1 -July 31.....	\$0.30	\$0.17	\$1.25	\$0.35
Fourth Quarter August 1, - October 31.....	\$0.25.....	\$0.13	\$0.52	\$0.15

Item 6: Management's Discussion and Analysis or Plan of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations and Plan of Operations and other portions of this Annual Report contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by the forward-looking information. Factors that may cause such differences include, but are not limited to, availability and cost of financial resources, product demand, market acceptance and other factors discussed in this Annual Report under the heading "Risk Factors". This Management's Discussion and Analysis of Financial Condition and Results of Operations and Plan of Operations should be read in conjunction with our financial statements and the related notes included elsewhere in this Annual Report.

Overview

We are a biotechnology company utilizing multiple mechanisms of immunity with the intent to develop cancer vaccines that are more effective and safer than existing vaccines. We believe that by using our licensed Listeria System to engineer a live attenuated Listeria monocytogenes bacteria to secrete a protein sequence containing a

tumor-specific antigen, we will force the body's immune system to process and recognize the antigen as if it were foreign, creating the immune response needed to attack the cancer. The licensed Listeria System, developed at Penn over the past 10 years, provides a scientific basis for believing that this therapeutic approach induces a significant immune response to the tumor. Accordingly, we believe that the Listeria System is a broadly enabling platform technology that can be applied in many cancers, infectious diseases and auto-immune disorders.

Our therapeutic approach is based upon, and we have obtained an exclusive license with respect to, the innovative work of Yvonne Paterson, Ph.D., Professor of Microbiology at Penn involving the creation of genetically engineered Listeria that stimulate the innate immune system and induce an antigen-specific immune response involving humoral and cellular components.

35

We have focused our initial development efforts on four lead compounds and anticipate completing a Phase I clinical study of Lovaxin C, a potential cervical cancer vaccine, mid 2007. See Item 1. “Business - Research and Development Program”.

We were originally incorporated in the state of Colorado on June 5, 1987 under the name Great Expectations, Inc. We were administratively dissolved on January 1, 1997 and restated on June 18, 1998 under the name Great Expectations and Associates, Inc. In 1999, we became a reporting company under the Securities Exchange Act of 1934, as amended. We were a publicly-traded “shell” company without any business until November 12, 2004, when we acquired Advaxis through the Share Exchange, as a result of which Advaxis become our wholly-owned subsidiary and our sole operating company. We then changed our name to Advaxis. On March 29, 2006, we merged into Advaxis (the subsidiary) and thereby changed our state in incorporation from the state of Colorado to the state of Delaware. For financial reporting purposes, we have treated the Share Exchange as a recapitalization. As a result of the foregoing as well as the fact that the Share Exchange is treated as a recapitalization of Advaxis rather than as a business combination, the historical financial statements of Advaxis became our historical financial statements after the Share Exchange.

On November 12, 2004, December 8, 2004 and January 4, 2005 (the “Three Tranche Private Placement”) we effected a private placement to “accredited investors”, as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 of an aggregate of 11,334,495 shares of our common stock and warrants to purchase an aggregate of 11,334,495 additional shares for net proceeds of approximately \$3,253,000.

On November 12, 2004, \$595,000 of our promissory notes plus accrued interest was converted into an aggregate of 2,136,441 shares of our common stock and warrants to purchase 2,223,549 shares of our common stock.

On January 12, 2005, we effected a private placement to an accredited investor for approximately \$1,100,000 of 3,832,753 shares of our common stock and warrants to purchase 3,832,753 additional shares.

We sold to Cornell Capital Partners (“Cornell”), \$3,000,000 principal amount of our Secured Convertible Debentures due February 1, 2009 (\$1,500,000 on February 2, 2006 and \$1,500,000 on March 8, 2006) bearing interest at 6% per annum payable at maturity and issued it warrants to purchase 4,500,000 shares of our common stock. The net proceeds were approximately \$2,740,000. The value of the warrants will be charged as interest expense over the three year term of the Debentures.

In accounting for the convertible debentures and the warrants described above and warrants, the Company considered the guidance contained in EITF 00-19, “Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled In, a Company’s Own Common Stock,” and SFAS 133 “Accounting for Derivative Instruments and Hedging Activities.” In accordance with the guidance provided in EITF 00-19, the Company determined that the conversion feature of the Debentures represents an embedded derivative since the debenture is convertible into a variable number of shares upon a conversion formula and the conversion clause allows cash or shares of common stock in payment to the debenture holders. Accordingly, the convertible debentures are not considered to be “conventional” convertible debt under EITF 00-19 and thus the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability.

Plan of Operations

We intend to use a portion of the proceeds of the sales described above to conduct a Phase I clinical trial in cervical cancer using Lovaxin C, one of our lead product candidates in development using our Listeria System. We also have used the funds to further expand our clinical, research and development teams to further develop the product candidates and to expand our manufacturing capabilities and strategic activities. Our corporate staff will be responsible for the general and administrative activities.

During the next 12 to 24 months, we anticipate that our strategic focus will be to achieve several objectives described under “Item 1. Business - Strategy” and as follows:

- Complete Phase I clinical study of Lovaxin C;
- Initiate a Phase II clinical study of Lovaxin C Cervical Cancer
- Initiate Preclinical Studies and a Phase I study of Lovaxin B Breast Cancer
- Initiate Preclinical Studies and a Phase I study of Lovaxin P Prostate Cancer
 - Continue preclinical development of Lovaxin T
 - Continue research to expand our technology platform.

The annual cost to maintain our current staff, overhead and preclinical expense is estimated to be \$2.0 to \$2.4 million in fiscal year 2007. We estimate the cost of our current phase I clinical study in therapeutic treatment of cervical cancer to be in the range of \$0.2 to \$0.3 million for the same period. Therefore we anticipate our current cash will be adequate to meet our needs over the 2007 fiscal year. Our phase II Lovaxin C clinical study is estimated to commence in late fiscal year 2007 or early fiscal 2008 to cost from \$2.5 to \$4.0 million. We hope to commence the work in breast and prostate cancer in 2007. The timing and estimated costs of these projects are difficult to predict. In fiscal 2007 our anticipated needs for equipment, personnel and space should not be significant. We do plan on adding a few key employees in 2007 to address our growing clinical, regulatory and reporting needs.

Overall given the clinical stage of our business our financial needs are driven in large part by the outcomes of clinical trials and preclinical findings. The cost of these clinical trial projects is significant. As a result we will be required to raise additional debt or equity in the near future and may attempt to negotiate the restructure of certain existing instruments. If the clinical outcomes are successful and the value of the Company increases it is more than likely we will attempt to accelerate the timing of the required financing and, conversely if the trial or trials aren't successful or are slow spending will be deferred. While we will attempt to attract a corporate partnership we have not assumed the receipt of any additional financial resources.

For more information about Penn and commitments see "Item 1. Business Partnerships and agreements - University of Pennsylvania."

Accounting Policies; Impact of Growth

Below is a brief description of basic accounting principles which we have adopted in determining our recognition of expenses, as well as a brief description of the effects that our management believes that our anticipated growth will have on our revenues and expenses in the 12 months ended October 31, 2007.

Revenues. We do not anticipate that we will record any material revenues during at least the twelve months ending October 31, 2007. When we recognize revenues, we anticipate that they will be principally grants and licensing fees.

Expenses. We recorded operating expenses for the years ended October 31, 2005 and 2006 of \$2,395,328, and \$3,481,226, respectively.

The preparation of financial statements in accordance with GAAP involves the use of estimates and assumptions that affect the recorded amounts of assets and liabilities as the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ substantially from these estimates. Significant estimates include the fair value and recoverability of carrying value of intangible asset (trade marks, patents and licenses) the fair value of options, the fair value of embedded conversions features, warrants, recognition of on-going clinical trial, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policy involves significant estimate and judgment. We amortize trademark, license and patent costs over their estimated useful lives. We may be required to adjust these lives based on advances in science and competitor actions. We review the recorded amounts of trademarks and patents at each period end to determine if their carrying amount is still recoverable based on expectations regarding potential licensing of the intangibles or sales of related products. Such an assessment, in the future, may result in a conclusion that the assets are impaired, with a corresponding charge against earnings.

In accordance with Securities and Exchange Commission Staff Accounting Bulletin (SAB) No. 104, revenue from license fees and grants is recognized when the following criteria are met; persuasive evidence an arrangement exists, services have been rendered, the contract price is fixed or determinable, and collectibility is reasonably assured. In licensing arrangements, delivery does not occur for revenue recognition purposes until the license term begins. Nonrefundable upfront fees received in exchange for products delivered or services performed that do not represent the culmination of a separate earnings process will be deferred and recognized over the term of the agreement using the straight-line method or another method if it better represents the timing and pattern of performance.

For revenue contracts that contain multiple elements, we will determine whether the contract includes multiple units of accounting in accordance with EITF No. 00-21, Revenue Arrangements with Multiple Deliverables. Under that guidance, revenue arrangements with multiple deliverables are divided into separate units of accounting if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the undelivered item.

Research and Development. During the years ended October 31, 2005 and 2006, we recorded research and development expenses of \$1,175,536 and \$1,404,164, respectively. Such expenses were principally comprised of manufacturing scale up and process development, license fees, sponsored research, clinical trial and consulting expenses. We recognize research and development expenses as incurred.

Commencing with the year ending October 31, 2006, we anticipate that our research and development expenses will increase as a result of our expanded development and commercialization efforts related to clinical trials, product development, and development of strategic and other relationships required ultimately for the licensing, manufacture and distribution of our product candidates. We regard four of our product candidates as major research and development projects. The timing, costs and uncertainties of those projects are as follows:

Lovaxin C - Phase I/II trial Summary Information (Cervical Cancer)

- Cost incurred to date: approximately \$1,000,000
- Estimated future costs: \$500,000 Phase I and \$2,500,000 - \$4,000,000 Phase II
- Anticipated completion date: second/third quarter fiscal 2007 Phase I and Phase II 2008 and beyond.
 - Uncertainties:
 - the FDA (or relevant foreign regulatory authority) may not approve the study
 - One or more serious adverse events in patients enrolled in the trial
 - difficulty in recruiting patients
 - delays in the program
 - Commencement of material cash flows:
- Unknown at this stage and dependent upon a licensing deal or pursuant to a marketing collaboration subject to regulatory approval to market and sell the product.

Lovaxin B - Phase I trial Summary Information (Breast Cancer)

- Cost incurred to date: \$300,000
- Estimated future costs: \$1,800,000
- Anticipate completion dates: fourth quarter of fiscal 2008 or beyond
 - Risks and uncertainties:
 - Obtaining favorable animal data
 - Proving low toxicity in animals
 - Manufacturing scale up to GMP level
 - FDA (or foreign regulatory authority) may not approve the study
 - The occurrence of a severe or life threatening adverse event in a patient
 - Delays in the program
 - Commencement of material cash flows:

Unknown at this stage, dependent upon a licensing deal or to a marketing collaboration subject to regulatory approval to market and sell the product.

Lovaxin P - Pre Clinical and Phase I Trial Summary Information (Prostate Cancer)

- Cost incurred to date: \$100,000
- Estimated future costs: \$1,500,000
- Anticipate completion dates: fourth quarter of fiscal 2008 or beyond
- Risks and uncertainties: See Lovaxin in B (above)

General and Administrative Expenses. During the years ended October 31, 2005, and 2006, we recorded general and administrative expenses of \$1,219,792 and \$2,077,062, respectively. General and administrative costs primarily include the salaries and expenses for executive, consultants, finance, facilities, insurances, accounting and legal assistance, as well as other corporate and administrative functions that serve to support Advaxis' current and our future operations and provide an infrastructure to support this anticipated future growth. For the year ending October 31, 2007 and beyond, we anticipate that our general and administrative costs will increase significantly due to the increased compliance requirements, including, without limitation, legal, accounting, and insurance expenses, to comply with periodic reporting and other regulations applicable to public companies.

Other Income (Expense). We recorded interest expense during the year ended October 31, 2005 of (\$7,307) and during the year ended October 31, 2006 of (\$437,299). Interest expense, relates primarily to our outstanding secured convertible debenture commencing at the closing dates of our Two Tranche Private Placement on February 2 and March 8, 2006. Other income during the years ended October 31, 2005, and 2006 represented interest of \$43,978 and \$90,899, respectively earned on investments. In the year ended October 31, 2006 the net change in fair value of common stock warrants and embedded derivative liabilities in expense represents a reduction of (\$2,802,078) of fair value as of October 31, 2006 reporting date compared to the original value for the secured convertible debenture.

Recently Issued Accounting Pronouncements.

In December 2004, the Financial Accounting Standards Board issued FASB Statement No. 123 (revised 2004), share-based payment. This statement requires that compensation cost relating to share based payment transactions be recognized in financial statements. The cost will be measured based on the fair value of the equity or liability instruments issued. Refer to Item 7. Note 2. to the Financial Statement - Share-based Compensation Expense for a summary of the impact.

In July 2006, the FASB issued FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes (an interpretation of FASB Statement No. 109)" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in tax positions and requires that companies recognize in their financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company will be required to adopt the provisions of FIN 48 beginning in fiscal 2008, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings as well as requiring additional disclosures. The Company is currently assessing the impact of the adoption of FIN 48 on its Financial Statements.

Results of Operations

Year Ended October 31, 2006 Compared to the Year Ended October 31, 2005

Revenue. Our revenue decreased by \$120,907, or 22%, from \$552,868 for the year ended October 31, 2005 to \$431,961 for the year ended October 31, 2006 primarily due to the decrease in the FLAIR grant money received by the Company.

Research and Development Expenses. Research and development expenses increased by \$228,628, or 19%, from \$1,175,536 for the twelve months ended October 31, 2005 to \$1,404,164 for the twelve months ended October 31, 2006. This increase was principally attributable to the following:

- Clinical trial expenses increased \$328,389, or 351%, from \$93,525 to \$421,915 due to the start-up of our clinical trial in March 2006.
- Wages, salaries and related lab costs increased by \$409,524, or 215%, from \$190,804 to \$600,329 principally due to our expanded research and development staffing in early 2006.
- Subcontracted expenses increased by \$107,949, or 76.3%, from \$141,366 to \$249,315 reflecting the additional subcontract work performed by Dr. Paterson at Penn, pursuant to certain grants.
- Manufacturing expenses decreased \$383,387, or 93.6%, from \$409,542 to \$26,155; the result of the fiscal 2005 manufacturing program in anticipation of the Lovaxin C for toxicology and clinical trials required in early 2006.
- Toxicology study expenses decreased \$259,548, or 88.6%, from \$293,105 to \$33,558; principally as a result of the initiation in the earlier period of toxicology studies by Pharm Olam in connection with our Lovaxin C product candidates in anticipation of the clinical studies in 2006.

General and Administrative Expenses. General and administrative expenses increased by \$857,270, or 70.3%, from \$1,219,792 for the year ended October 31, 2005 to \$2,077,062 for the year ended October 31, 2006, primarily attributable to the following:

- Consulting fees and related expenses increased by \$580,197, or 190%, from \$305,153 for the twelve months ended October 31, 2005 to \$885,349 for the same period in 2006 arising from a higher bonus expense, stock expense, consulting fees and the fair value of options primarily for the Chief Executive Officer(s) and consultants.
- An increase in legal fees and public relations expenses of \$391,611, or 364%, from \$107,370 for the twelve-months ended October 31, 2005 to \$498,611 for the same period in 2006, primarily as a result of an increase in the costs arising from being publicly held.
- A decrease in offering and analyst expenses of \$132,498 incurred in fiscal 2005 while none were incurred in 2006.

Other Income (expense). Other Income (expense) increased by (\$3,185,149) from income of \$36,671 for the twelve months ended October 31, 2005 to (\$3,148,478) recorded as expense for the twelve months ended October 31, 2006. During the years ended October 31, 2005 and 2006 we recorded interest expense of (\$7,307), and (\$437,299) respectively. Interest expense, relates primarily to our outstanding secured convertible debenture commencing at the closing dates on February 2 and March 8, 2006. Interest earned on investments amounted to \$43,978 and \$90,899, respectively. In the year ended October 31, 2006 there is a net change of (\$2,802,078) in fair value of common stock warrants and embedded derivative liabilities in expense (non-cash item) as of October 31, 2006 compared to the original value for the secured convertible debenture.

No provision for income taxes was made for the year ended October 31, 2005 or 2006 due to significant tax losses during and prior to such periods.

Year Ended October 31, 2005 Compared to the Year Ended October 31, 2004

Revenue. Our revenue increased by \$436,462, or 375%, from \$116,406 for the year ended October 31, 2004 to \$552,868 for the year ended October 31, 2005 due to the increase in grant money received by the Company in these periods.

Research and Development Expenses. Research and development expenses increased by \$1,049,594, or 833%, from \$125,942 for the twelve months ended October 31, 2004 to \$1,175,536 for the twelve months ended October 31, 2005, principally attributable to the following:

- An increase in our related manufacturing expenses of \$416,842, from \$(7,300) to \$409,542; such increase reflects the delay in the manufacturing program during 2004 because of delays in funding, and the manufacturing in 2005 of Lovaxin C in for toxicology and clinical trials;
- Expenses in fiscal 2005 of \$293,105 reflecting the initiation of toxicology studies by Pharm Olam in connection with our Lovaxin C product candidates, and the payment of deferred license fees to Penn; none were incurred in the prior year.
- Wages and salaries related to our research and development program of \$166,346 reflecting the recruitment of our R&D management team in early 2005; none were incurred in the prior year.
- Subcontracted work of \$141,366, reflecting the subcontract work performed by Dr. Paterson at Penn, pursuant to certain grants; none were incurred in the prior year.

General and Administrative Expenses. General and administrative expenses increased by \$695,424, or 133%, from \$524,368 for the year ended October 31, 2004 to \$1,219,792 for the year ended October 31, 2005, primarily attributable to the following:

- employee related expenses increased by \$123,157, or 56.4%, from \$218,482 for the twelve months ended October 31, 2004 to \$341,639 for the twelve months ended October 31, 2005 arising from a bonus to Mr. Derbin, the Chief

Executive Officer, in stock, an increase in the salary of Mr. Derbin, and the cost of health insurance initiated in 2005;

- offering expenses increased by \$117,498, or 100%, from \$0 for the twelve months ended October 31, 2004 to \$117,498 for the twelve months ended October 31, 2005 arising from legal and banking expenses relating to the private placement closed in November 2004;
- an increase in professional fees from \$231,686 for the twelve-months ended October 31, 2004 to \$460,691 for the twelve months ended October 31, 2005, primarily as a result of an increase in legal fees, public relations fees, consulting fees and accounting fees.

Interest (Expenses). Interest expense decreased by \$5,825 or 44.4%, to (\$7,307) for the year ended October 31, 2005 from (\$13,132) for the year ended October 31, 2004. The decrease results primarily from a reduction on interest payable on certain notes which were converted on November 12, 2004.

Other Income. Other Income increased by \$43,907 to 43,978 from \$71 for the twelve months ended October 31, 2004. The increase results primarily from an increase in interest paid to the company on cash deposits held by the Company.

No provision for income taxes was made for the year ended October 31, 2004 or 2005 due to significant tax losses during and prior to such periods.

Liquidity and capital resources

At October 31, 2004, 2005 and 2006, our cash was \$32,279, \$2,075,206 and \$2,761,166, respectively, and we had a working capital deficit of \$1,396,062 at October 31, 2004, and working capital of \$1,365,742 and \$1,254,651 at October 31, 2005 and 2006, respectively.

To date, our principal source of liquidity has been cash provided by private placements of our securities. Some of these offerings have been structured so as to be exempt from the prospectus delivery requirements under the Securities Act of 1933 (the "Securities Act"). Principal uses of our cash have been to support research and development, clinical study, financing and working capital. We anticipate these uses will continue to be our principal uses in the future.

On November 12, 2004, we acquired Advaxis, Inc., a Delaware corporation through the Share Exchange. The transaction was accounted for as a recapitalization. Accordingly, the historical financial statements of Advaxis are our financial statements for reporting purposes. Advaxis, Inc has changed its fiscal year to the year ended October 31st and as a result is providing herein its audited financial statements for the ten months ended October 31, 2004 and for the years ended October 31, 2005 and 2006.

Although we believe that the net proceeds received by us from the private placement to Cornell will be sufficient to finance our currently planned operations for approximately the next 12 months, they will not be sufficient to meet our longer-term cash requirements or our cash requirements for the commercialization of any of our existing or future product candidates. We will be required to sell equity or debt securities or to enter into other financial arrangements, including relationships with corporate and other partners, in order to raise additional capital. Depending upon market conditions, we may not be successful in raising sufficient additional capital for our long-term requirements. In such event, our business, prospects, financial condition and results of operations could be materially adversely affected.

The following factors, among others, could cause actual results to differ from those indicated in the above forward-looking statements: increased length and scope of our clinical trials, increased costs related to intellectual property related expenses, increased cost of manufacturing and higher consulting costs. These factors or additional risks and uncertainties not known to us or that we currently deem immaterial may impair business operations and may cause our actual results to differ materially from any forward-looking statement.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

We expect our future sources of liquidity to be primarily equity capital raised from investors, as well as licensing fees and milestone payments in the event we enter into licensing agreements with third parties, and research collaboration fees in the event we enter into research collaborations with third parties.

On November 12, 2004, we sold to accredited investors at a closing of the first tranche of the Three Tranche Private Placement 117 Units at \$25,000 per unit for an aggregate purchase price of \$2,925,000. Each Unit is comprised of (i) 87,108 shares of our common stock and (ii) a five-year warrant to purchase 87,108 shares of our common stock at an

exercise price of \$0.40 per share. At the initial closing, the accredited investors received an aggregate of 10,191,638 shares of common stock and warrants to purchase 10,191,638 shares of common stock. In addition, on November 12, 2004, \$595,000 aggregate principal amount of outstanding convertible promissory notes including accrued interest, were converted into units on the same terms as those upon which the Units sold, accordingly, an aggregate of 2,136,441 shares of common stock and additional warrants to purchase 2,136,441 shares of common stock.

41

On December 8, 2004, we sold to accredited investors at the closing of the second tranche 8 units for an aggregate purchase price of \$200,000 and the investors received an aggregate of 696,864 shares of common stock and additional warrants to purchase 696,864 shares of Common Stock.

On January 4, 2005, we sold to accredited investors at a third tranche 5.12 Units for an aggregate purchase price of \$128,000, 445,993 shares of common stock and additional warrants to purchase 445,993 shares of Common Stock were issued.

Pursuant to the terms of a investment banking agreement, dated March 19, 2004, by and between us and Sunrise Securities, Corp. (“Sunrise” or the “Placement Agent”), we issued to the Placement Agent and its designees an aggregate of 2,283,445 shares of common stock and warrants to purchase up to an aggregate of 2,666,900 shares of common stock. The securities were issued along with a cash fee of \$50,530 in consideration for the services of Sunrise, as our placement agent in the Private Placement.

On January 12, 2005, we sold an accredited investor at a closing the third tranche 44 units for an aggregate purchase price of \$1,100,000 and therefore an aggregate of 3,832,752 shares of common stock and warrants to purchase 3,832,752 shares of common stock.

Pursuant to a Securities Purchase Agreement dated February 2, 2006 and March 8, 2006 we sold to Cornell \$3,000,000 principal amount of our 6% Secured Convertible Debentures due February 1, 2009 (the “Debentures”) at face amount (before commissions and related fees of \$260,000), along with five year A Warrants to purchase 4,200,000 shares of common stock at the price of \$0.287 per share and five year B Warrants to purchase 300,000 shares of common stock at a price of \$0.3444 per share.

The 6 % per annum interest due at maturity will be charged to expense over the three-year term of the Debentures. The investment-banking fee paid to Yorkville Advisors in connection with the Debentures in the amount of \$240,000 will be charged, in view its relationship with Cornell, as additional interest expense over the three-year term of the Debentures. The remaining transaction fees of \$20,000 will be capitalized.

The Company calculated the fair value of the embedded conversion of the Company’s above mentioned warrants to be recorded as a warrant liability at the end of the fiscal year 2006. As a result of this calculation at the end of October 31, 2006 included in the Statement of Operations for the Company is a \$2,802,078 non-cash expense in the establishment of the liabilities related to the warrants and embedded conversion feature for the entire year.

Upon full satisfaction of the Debentures (whether through its repayment or conversion to equity), the fair value of the remaining warrants on that date will be reclassified to equity.

We are party to a license agreement, dated July 1, 2002 (effective date), as amended and restated, between Advaxis and The Trustees of the University of Pennsylvania.

For more information about Penn and commitments see “Item 1. Business Partnerships and agreements - University of Pennsylvania.”

For a description of material employment agreements to which we are party, see “Item 12. Certain Relationships and Related Party Transactions”.

Critical Accounting Policies

The preparation of financial statements in accordance with GAAP involves the use of estimates and assumptions that affect the recorded amounts of assets and liabilities as the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ substantially from these estimates. Significant estimates include the fair value and recoverability of carrying value of intangible asset (trademarks, patents and licenses) the fair value of options, the fair value of embedded conversions features, warrants, recognition of on-going clinical trial, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policy involves significant estimate and judgment. We amortize trademark, license and patent costs over their estimated useful lives. We may be required to adjust these lives based on advances in science and competitor actions. We review the recorded amounts of trademarks and patents at each period end to determine if their carrying amount is still recoverable based on expectations regarding potential licensing of the intangibles or sales of related products. Such an assessment, in the future, may result in a conclusion that the assets are impaired, with a corresponding charge against earnings.

Accounting for Warrants and Convertible Securities

The Company evaluates whether warrants issued should be accounted for as liabilities or equity based on the provisions of EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. The EITF lists conditions under which warrants are required to be classified as liabilities, including the existence of registration rights where significant penalties could be required to be paid to the holder of the instrument in the event the issuer fails to register the shares under a preset time frame, or where the registration statement fails to remain effective for a preset time period. Warrants accounted for as liabilities are required to be recorded at fair value, with changes in fair value recorded in operations.

For convertible debt instruments, the Company determines whether the conversion feature must be bifurcated and accounted for as a derivative liability in accordance with the provisions of EITF 00-19. The first step of the analysis is to determine whether the debt instrument is a conventional convertible instrument, in which case the embedded conversion option would qualify for equity classification and would not be bifurcated from the debt instrument. If the debt does not meet the definition of a conventional convertible instrument, the Company will analyze whether the conversion feature should be accounted for as a liability or equity under the provisions of EITF 00-19. The most common reason a debt instrument would not be considered to be a conventional convertible instrument is where the conversion price is variable. If the conversion feature does qualify for equity classification, the Company will assess whether there is a beneficial conversion feature that must be accounted for under the provisions of EITF 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios*, and EITF 00-27, *Application of Issue No. 98-5 to Certain Convertible Instruments*.

In February 2006, the FASB issued Statement No. 155, *Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140*. Among other matters, that statement provides that where a company is required to bifurcate a derivative from its host contract, the company may irrevocably elect to initially and subsequently measure that hybrid financial instrument in its entirety at fair value, with changes in fair value recognized in operations. The statement is effective for financial instruments issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including financial statements for any interim period for that fiscal year.

Due to the limited nature of the Company's operations, the Company has not identified any other accounting policies involving estimates or assumptions that are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and where the impact of the estimates and assumptions on financial condition or operating performance is material.

Impact of Inflation

We believe that our results of operations are not dependent upon moderate changes in inflation rates.

43

ADVAXIS, INC.

FINANCIAL STATEMENTS

INDEX

Advaxis, Inc.	Page
Report of Independent Registered Public Accounting Firm	46
Balance Sheet as of October 31, 2006	47
Statements of Operations for the years ended October 31, 2005 and 2006 and the period from March 1, 2002 (Inception) to October 31, 2006	48
Statements of Stockholders' Equity (Deficiency) for the Period from March 1, 2002 (Inception) to October 31, 2006	49
Statements of Cash Flows for the years ended October 31, 2005 and 2006 and the period from March 1, 2002 (Inception) to October 31, 2006	52
Notes to the Financial Statements	54

45

Item 7: Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Advaxis, Inc.

We have audited the accompanying balance sheet of Advaxis, Inc. (a development stage company) as of October 31, 2006 the related statements of operations, shareholders' equity (deficiency), and cash flows for the years ended October 31, 2006, and 2005 and the period from March 1, 2002 (inception) to October 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of Advaxis, Inc. as of October 31, 2006 the results of its operations and its cash flows for the years ended October 31, 2006 and 2005 and the period from March 1, 2002 (inception) to October 31, 2006 in conformity with United States generally accepted accounting principles.

As discussed in Note 2, the Company changed its method of accounting for stock based compensation, effective November 1, 2005.

/s/ GOLDSTEIN GOLUB KESSLER LLP
GOLDSTEIN GOLUB KESSLER LLP
New York, New York

December 11, 2006
46

ADVAXIS, INC.
(A Development Stage Company)
Balance Sheet

October 31, 2006

ASSETS

Current Assets:

Cash	\$	2,761,166
Prepaid expenses		38,100
Total Current Assets		2,799,266

Property and Equipment (net of accumulated depreciation of \$24,441)		64,742
Intangible Assets (net of accumulated amortization of \$94,555)		956,409
Deferred Financing Costs (net of accumulated amortization of \$82,313)		177,687
Other Assets		4,600
TOTAL ASSETS	\$	4,002,704

LIABILITIES & SHAREHOLDERS' DEFICIENCY

Current Liabilities:

Accounts payable	\$	810,221
Accrued expenses		522,467
Deferred revenue		20,350
Notes payable - current portion		191,577
Total Current Liabilities		1,544,615

Interest payable		119,934
Notes payable - net of current portion		313,000
Convertible Secured Debentures and fair value of embedded derivative		5,017,696
Common Stock Warrants		714,600
Total Liabilities	\$	7,709,845

Shareholders' Deficiency:

Common Stock - \$0.001 par value; authorized 500,000,000 shares, issued and outstanding 40,238,992		40,239
Additional Paid-In Capital		5,914,793
Deficit accumulated during the development stage		(9,662,173)
Total Shareholders' Deficiency		(3,707,141)
TOTAL LIABILITIES & SHAREHOLDERS' DEFICIENCY	\$	4,002,704

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

ADVAXIS, INC.
(A Development Stage Company)
Statement of Operations

	Year Ended October 31, <u>2005</u>	Year Ended October 31, <u>2006</u>	Period from March 1, 2002 (Inception) to October 31, <u>2006</u>
Revenue	\$ 552,868	\$ 431,961	\$ 1,105,235
Research & Development Expenses	1,175,536	1,404,164	3,248,048
General & Administrative Expenses	1,219,792	2,077,062	4,343,793
Total Operating expenses	2,395,328	3,481,226	7,591,841
Loss from Operations	(1,842,460)	(3,049,265)	(6,486,606)
Other Income (expense):			
Interest expense	(7,307)	(437,299)	(466,027)
Other Income	43,978	90,899	136,422
Net changes in fair value of common stock warrant liability and embedded derivative liability	-	(2,802,078)	(2,802,078)
Net loss	(1,805,789)	(6,197,744)	(9,618,289)
Dividends attributable to preferred shares			43,884
Net loss applicable to Common Stock	\$ (1,805,789)	\$ (6,197,744)	\$ (9,662,173)
Net loss per share, basic and diluted	\$ (0.05)	\$ (0.16)	
Weighted average number of shares outstanding basic and diluted	35,783,666	38,646,769	

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

ADVAXIS, INC.
(a development stage company)
STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
Period from March 1, 2002 (inception) to October 31, 2006

	Preferred Stock		Common Stock			Deficit	
	Number of Shares Outstanding	Amount	Number of shares outstanding	Amount	Additional Paid-in Capital	Accumulated During the Development Stage	Shareholders' Equity (Deficiency)
Preferred stock issued	3,418	\$ 235,000					\$ 235,000
Common Stock Issued			40,000	\$ 40	\$ (40)		
Options granted to consultants and professionals					10,493		10,493
Net Loss						(166,936)	(166,936)
Retroactive restatement to reflect re-capitalization on November 12, 2004	(3,481)	(235,000)	15,557,723	15,558	219,442		
Balance at December 31, 2002			15,597,723	\$ 15,598	\$ 229,895	\$ (166,936)	\$ 78,557
Note payable	232	15,969					15,969
Options granted to consultants and professionals					8,484		8,484
Net loss						(909,745)	(909,745)
Retroactive restatement to reflect re-capitalization on November 12, 2004	(232)	(15,969)			15,969		
Balance at December 31, 2003			15,597,723	\$ 15,598	\$ 254,348	\$ (1,076,681)	\$ (806,735)
Stock dividend on Preferred stock	638	43,884			(43,884)		
Net loss						(538,076)	(538,076)
Options granted to consultants and professionals					5,315		5,315
Retroactive restatement to reflect re-capitalization on November 12, 2004	(638)	(43,884)			43,884		
Balance at October 31, 2004			15,597,723	\$ 15,598	\$ 303,547	\$ (1,658,641)	\$ (1,339,496)
Common Stock issued to Placement Agent on		752,600	753	(753)			
			752,600	753	(753)		

Effective re-capitalization					
Options granted to consultants and professionals			64,924		64,924
Conversion of Note payable to Common Stock	2,136,441	2,136	611,022		613,158
Issuance of Common Stock for cash, net of shares to Placement Agent	17,450,693	17,451	4,335,549		4,353,000
Issuance of common stock to consultants	586,970	587	166,190		166,777
Issuance of common stock in connection with the registration statement	409,401	408	117,090		117,498
Issuance costs			(329,673)		(329,673)
Net loss				(1,805,789)	(1,805,789)
Restatement to reflect re-capitalization on November 12, 2004 including cash paid of \$44,940				(88,824)	(88,824)
Balance at October 31, 2005	37,686,428 \$	37,686 \$	5,178,319 \$	(3,464,430)\$	1,751,575
Options granted to consultants and professionals			172,831		172,831
Options granted to employees and directors			71,667		71,667
Conversion of debenture to Common Stock	1,766,902	1,767	298,233		300,000
Issuance of Common Stock to employees and directors	229,422	229	54,629		54,858
Issuance of common stock to consultants	556,240	557	139,114		139,674
Net loss				(6,197,744)	(6,197,744)
Balance at October 31, 2006	40,238,992 \$	40,239 \$	5,914,793 \$	(9,662,173)\$	(3,707,141)

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

ADVAXIS, INC.
(A Development Stage Company)
Statement of Cash Flows

	Year ended October 31, 2005	Year ended October 31, 2006	Period from March 1 2002 (Inception) to October 31, 2006
OPERATING ACTIVITIES			
Net loss	\$ (1,805,789)	\$ (6,197,744)	\$ (9,618,289)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash charges to consultants and employees for options and stock	231,701	439,027	711,210
Amortization of deferred financing costs		82,313	82,313
Non-cash interest expense		230,218	230,218
Accrued interest on notes payable	12,308	123,934	136,242
Loss on change in value of warrants and embedded derivative		2,802,078	2,802,078
Value of penalty shares issued	117,498		117,498
Depreciation expense	7,432	17,009	24,441
Amortization expense of intangibles	33,669	45,068	97,726
Increase in prepaid expenses		(38,100)	(38,100)
Increase in other assets	(4,600)		(4,600)
Increase (decrease) in accounts payable	(132,149)	158,335	1,125,427
Increase in accrued expenses	-	522,467	506,278
Deferred Revenue	-	20,350	20,350
Net cash used in operating activities	(1,539,930)	(1,795,045)	(3,807,208)
INVESTING ACTIVITIES			
Cash paid on acquisition of Great Expectations	(44,940)		(44,940)
Purchase of property and equipment	(80,577)	(8,606)	(89,183)
Cost of intangible assets	(314,953)	(250,389)	(967,054)
Net cash used in Investing Activities	(440,470)	(258,995)	(1,101,177)
FINANCING ACTIVITIES			
Proceeds from convertible secured debenture		3,000,000	3,000,000
Cash paid for deferred financing costs		(260,000)	(260,000)
Proceeds from notes payable			671,224
Net proceeds of issuance of Preferred Stock			235,000
Net proceeds of issuance of Common Stock	4,023,327		4,023,327
Net cash provided by Financing Activities	4,023,327	2,740,000	7,669,551
Net increase in cash	2,042,927	685,960	2,761,166
Cash at beginning of period	32,279	2,075,206	
Cash at end of period	\$ 2,075,206	\$ 2,761,166	\$ 2,761,166

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

Supplemental Schedule of Noncash Investing and Financing Activities

	Year ended October 31, 2005	Year ended October 31, 2006	Period from March 1, 2002 (Inception) to October 31, 2006
Common Stock issued to Founders			\$ 40
Notes payable and accrued interest converted to Preferred Stock			\$ 15,969
Stock dividend on Preferred Stock			43,884
Notes payable and accrued interest converted to Common Stock	\$ 613,158	\$ 300,000	\$ 913,158
Intangible assets acquired with notes payable			\$ 360,000
Debt discount in connection with recording the original value of the embedded derivative liability	\$	\$ 512,865	\$ 512,865
Allocation of the original secured convertible debentures to warrants	\$	\$ 214,950	\$ 214,950

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

ADVAXIS, INC.
(a development stage company)
NOTES TO FINANCIAL STATEMENTS

**1. PRINCIPAL BUSINESS ACTIVITY AND
SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES:**

Advaxis, Inc. (the "Company") was incorporated in 2002 and is a biotechnology company researching and developing new cancer-fighting techniques. The Company is in the development stage and its operations are subject to all of the risks inherent in an emerging business enterprise.

As shown in the financial statements, the Company has incurred losses from operations. These losses are expected to continue for an extended period of time. Although we believe that the net proceeds received by us from the Private Placement and the private offerings will be sufficient to finance our currently planned operations for approximately the next 12 months, they will not be sufficient to meet our longer-term cash requirements or our cash requirements for the commercialization of any of our existing or future product candidates. We will be required to issue equity or debt securities or to enter into other financial arrangements, including relationships with corporate and other partners, in order to raise additional capital. Depending upon market conditions, we may not be successful in raising sufficient additional capital for our long-term requirements. In such event, our business, prospects, financial condition and results of operations could be materially adversely affected.

In accordance with Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 104, revenue from license fees and grants is recognized when the following criteria are met; persuasive evidence of an arrangement exists, services have been rendered, the contract price is fixed or determinable, and collectibility is reasonably assured. In licensing arrangements, delivery does not occur for revenue recognition purposes until the license term begins. Nonrefundable upfront fees received in exchange for products delivered or services performed that do not represent the culmination of a separate earnings process will be deferred and recognized over the term of the agreement using the straight line method or another method if it better represents the timing and pattern of performance. Since its inception and through October 31, 2006, all of the Company's revenues have been from grants. For the year ended October 31, 2006 100% of the Company's revenues were received from four grants. For the twelve month period ended October 31, 2005, all of the Company's revenue was received from two grants.

For revenue contracts that contain multiple elements, the Company will determine whether the contract includes multiple units of accounting in accordance with EITF No. 00-21, *Revenue Arrangements with Multiple Deliverables*. Under that guidance, revenue arrangements with multiple deliverables are divided into separate units of accounting if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the undelivered item.

The Company maintains its cash in bank deposit accounts (money market) that exceed federally insured limits.

Intangible assets, which consist primarily of legal costs in obtaining trademarks, patents and licenses and are being amortized on a straight-line basis over 20 years.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition exceeds its carrying amount. The amount of impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value.

Basic loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the periods. Diluted earnings per share gives effect to dilutive options, warrants, convertible debt and other potential common stock outstanding during the period. Therefore, the impact of the potential common stock resulting from warrants, outstanding stock options and convertible debt are not included in the computation of diluted loss per share, as the effect would be anti-dilutive. The table sets forth the number of potential shares of common stock that have been excluded from diluted net loss per share

	October 31, 2006
Warrants	25,009,220
Stock Options	6,959,077
Convertible Debt (1)	14,210,526
Total All	46,178,823

(1.) Conversion of the outstanding principal of \$2,700,000 converted at 95% of the October 31, 2006 closing price of \$0.20 per share or \$0.19 per share.

No deferred income taxes are provided for the differences between the bases of assets and liabilities for financial reporting and income tax purposes.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates by management. Actual results could differ from these estimates.

The estimated fair value of the notes payable approximates the principal amount based on the rates available to the Company for similar debt.

Accounts payable consists entirely of trade accounts payable.

Research and development costs are charged to expense as incurred.

In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes, and interpretation of FASB Statement No. 109 (“FIN48”), which provides criteria for the recognition, measurement, presentation and disclosure of uncertain position may be recognized only if it is “more likely than not” that the position is sustainable based on its technical merits. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. We do not expect that FIN 48 will have a material effect on our financial condition or results of operations.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

2. SHARE-BASED COMPENSATION EXPENSE

Effective November 1, 2005, the Company adopted the fair value based method of accounting for share-based employee compensation under the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123 (revised 2004), *Accounting for Stock-Based Payment* (“SFAS 123(R)”) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors for employee stock options based on estimated fair values. SFAS 123(R) supersedes the Company’s previous accounting under the Accounting Principles Board Option No. 25, *Accounting for Stock Issued to Employees* (“APB 25”) for periods beginning in fiscal 2006. The adoption of SFAS 123R resulted in a charge to operations of \$71,667 for the year ended October 31, 2006.

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of November 1, 2005, the first day of the Company’s fiscal year 2006. The Company’s Financial Statements for the twelve months ended October 31, 2006 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company’s Financial Statements for prior periods have not been restated to reflect, and do not include the impact of SFAS 123(R). Stock-based compensation expense for fiscal year ended October 31, 2006 was \$71,667 that consists of stock-based compensation expense related to employee and director stock options. Stock-based compensation expense was not reflected for the twelve months ended October 31, 2005 for employee stock based awards in which goods or services were the consideration received for the equity instrument issued based on the fair value of the equity instrument in accordance with the previous accounting standard.

The Company began recognizing expense, in an amount equal to the fair value of share-based payments (stock option awards) on their date of grant, over the requisite service period of the awards (usually the vesting period). Under the modified prospective method, compensation expense for the Company is recognized for all share based payments granted and vested on or after November 1, 2005 and all awards granted to employees prior to November 1, 2005 that were unvested on that date but vested in the period over the requisite service periods in the Company’s Statement of Operations. Prior to the adoption of the fair value method, the Company accounted for stock-based compensation to

employees under the intrinsic value method of accounting set forth in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Therefore, compensation expense related to employee stock options was not reflected in operating expenses in any period prior to the fiscal year of 2006 and prior period results have not been restated. In the twelve months ended and date of inception to October 31, 2005 had the Company adopted the fair value based method of accounting for stock-based employee compensation under the provisions of SFAS No. 123, Stock Option Expense would have totaled \$200,942 for the year ended October 31, 2005 and \$328,176 for the period March 1, 2002 (date of inception) to October 31, 2005, and the effect on the Company's net loss and net loss per share would have been as follows:

55

	Year ended October 31, 2005	March 1, 2002 (date of inception) to October 31, 2006
Net Loss as reported	\$ (1,805,789)	\$ (9,618,289)
Add: Stock based option expense included in recorded net loss	64,924	89,217
Deduct stock option compensation expense determined under fair value based method	(200,942)	(328,176)
Adjusted Net Loss	\$ (1,941,807)	\$ (9,379,330)
Basic and Diluted Net Loss per share as reported	\$ (0.05)	
Basic and Diluted Net Loss per share pro forma	\$ (0.05)	

The fair value of each option granted from the Company's stock option plans during the years ended October 31, 2005 and 2006 was estimated on the date of grant using the Black-Scholes option-pricing model. Using this model, fair value is calculated based on assumptions with respect to (i) expected volatility of the Company's Common Stock price, (ii) the periods of time over which employees and Board Directors are expected to hold their options prior to exercise (expected lives), (iii) expected dividend yield on the Company's Common Stock, and (iv) risk-free interest rates, which are based on quoted U.S. Treasury rates for securities with maturities approximating the options' expected lives. Expected volatility for a development stage biotechnology company is very difficult to estimate as such; the company considered several factors in computing volatility. The company used their own historical volatility as well as those of comparable companies in determining the volatility to be used. Various factors and events may have a significant impact on the market price of our common stock as such factors out of management control may lead to swings in the estimated volatility and fair value. Expected lives are based contractual terms given the early stage of the business, lack of intrinsic value and significant future dilution along typical of early stage biotech. The expected dividend yield is zero as the Company has never paid dividends and does not currently anticipate paying any in the foreseeable future.

	Year Ended October 31, 2005	Year Ended October 31, 2006
Expected volatility	30%	127.37%
Expected Life	10 years	7.7 years
Dividend yield	0	0
Risk-free interest rate	4.5%-5.25%	4.6%

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that vested during the period. Stock-based compensation expense for the twelve months ended October 31, 2006 includes compensation expense for share-based payment awards granted prior to, but not yet vested as of October 31, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123 and compensation expense for the share-based payment awards granted subsequent to October 31, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Compensation expense for all share-based payment awards to be recognized using the straight line method over the requisite service period. As stock-based compensation expense for the twelve months of 2006 is based on awards granted and vested, it has been reduced for estimated forfeitures (4.4%). SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company's pro forma information required under SFAS 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred.

The Company accounts for nonemployee stock-based awards in which goods or services are the consideration received for the equity instruments issued based on the fair value of the equity instruments in accordance with the guidance provided in the consensus opinion of the Emerging Issues Task Force ("EITF") Issue 96-18, *Accounting for Equity Instruments that Are Issued to Other than Employees for Acquiring, or in Conjunction With Selling Goods or Services*.

56

3. INTANGIBLE ASSETS:

Intangible assets consist of the following at October 31, 2006.

Trademarks	\$ 74,948
Patents	490,893
License	485,123
Less: Accumulated Amortization	(94,555)
	\$ 956,409

Estimated amortization expense is as follows:

Year ending October 31,	
2007	\$ 52,548
2008	52,548
2009	52,548
2010	52,548
2011	52,548

Amortization expense of intangibles amounted to \$45,068 and \$33,669 for the year ended October 31, 2006 and 2005, respectively

4. ACCRUED EXPENSES:

The following table represents the major components of accrued expenses:

Salaries and other compensation	\$ 275,478
Consulting	185,683
Other (less than 5%)	61,306
	\$ 522,467

5. NOTES PAYABLE:

Notes payable consist of the following at October 31, 2006:

Two notes payable with interest at 8% per annum, due on December 17, 2008. The lender has served notice demanding payment pursuant to the November 2004 recapitalization and financing agreement	\$ 61,577
Note payable with no interest payable at the time of the closing of the Company's contemplated \$5,000,000 equity financing	75,000
Note payable with no interest payable at the time of the closing of the Company's contemplated \$5,000,000 equity financing	8,000
Note payable with no interest payable at December 15, 2006, or at the time of the closing of the Company's contemplated \$5,000,000 equity financing	130,000
Note payable with no interest payable at December 15, 2007 or at the time of the closing of the Company's contemplated \$8,000,000 equity financing	230,000
Total	504,577
Less current portion	191,577
	\$ 313,000

Aggregate maturities of notes payable at October 31, 2006 are as follows:

Year ending October 31,	
2007	191,577
2008	313,000
Total	\$ 504,577

Secured Convertible Debenture:

Pursuant to a Securities Purchase Agreement dated February 2, 2006 (\$1,500,000 principal amount) and March 8, 2006 (\$1,500,000 principal amount) we issued to Cornell Capital Partners, LP (“Cornell”) \$3,000,000 principal amount of the Company’s Secured Convertible Debentures due February 1, 2009 (the “Debentures”) at face amount, and five year Warrants to purchase 4,200,000 shares of Common Stock at the price of \$0.287 per share and five year B Warrants to purchase 300,000 shares of Common Stock at a price of \$0.3444 per share.

The Debentures are convertible at a price equal to the lesser of (i) \$0.287 per share (“Fixed Conversion Price”), or (ii) 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion (“Market Conversion Price”). Interest is payable at maturity at the rate of 6% per annum in cash or shares of Common Stock valued at the conversion price then in effect.

Cornell has agreed that (i) it will not convert the Debenture or exercise the Warrants if the effect of such conversion or exercise would result in its and its affiliates’ holdings of more than 4.9% of the outstanding shares of Common Stock, (ii) neither it nor its affiliates will maintain a short position or effect short sales of the Common Stock while the Debentures are outstanding, and (iii) no more than \$300,000 principal amount of the Debenture may be converted at the Market Conversion Price during a calendar month.

The Company may call the Debentures for redemption at the Redemption Price at any time or from time to time but not more than \$500,000 principal amount may be called during any 30 consecutive day period. The Redemption Price will be 120% of the principal redeemed plus accrued interest. The Company has also granted the holder an 18-month right of first refusal assuming the Debentures are still outstanding with respect to the Company’s issuance or sale of shares of capital stock, options, warrants or other convertible securities. Pursuant to Registration Rights Agreement, the Company has registered at its expense under the Securities Act of 1933, as amended (the “Act”) for reoffering by the holders of the Debentures and of the Warrants and B Warrants shares of Common Stock received upon conversion or exercise.

The Company has granted the holders a first security interest on its assets as security for payment of the Company’s obligations.

The Company has also agreed that as long as there is outstanding at least \$500,000 principal amount of Debentures it would not, without the consent of the Debenture holder, issue or sell any securities at a price or warrants, options or convertible securities with an exercise or conversion price less than the bid price, as defined, immediately prior to the issuance; grant a further security interest in its assets or file a registration statement on Form S-8.

In the event of a Debenture default the Debenture shall, at the holder’s election, become immediately due and payable in cash or, at the holder’s option, may be converted into shares of Common Stock. Events of default include failure to pay principal when due or interest within five days following due date; failure to cure breaches or defaults of covenants, agreements or warrants within 10 days following written notice of such breach or default; the entry into a change of control transaction meaning (A) the acquisition of effective control of more than 50% of the outstanding

voting securities by an individual or group (not including the holder or its affiliates), or (B) the replacement of more than one-half of the Directors not approved by a majority of the Company's directors as of February 2, 2006 or by directors appointed by such directors or (C) the Company entering into an agreement to effect any of the foregoing; bankruptcy or insolvency acts; breach or default which results in acceleration of the maturity of other debentures, mortgages or credit facilities, indebtedness or factor agreements involving outstanding principal of at least \$100,000; breach of the Registration Rights Agreement as to the maintaining effectiveness of the registration statement which results in an inability to sell shares by holder for a designated period; failure to maintain the eligibility of the Common Stock to trade on at least the Over-the-Counter Bulletin Board, and failure to make delivery within five trading days of certificates for shares to be issued upon conversion or the date the Company publicly announces its intention not to comply with requests for conversion in accordance with the Debenture terms.

The Company paid Yorkville Advisor, LLC a fee of 8% of the principal amount of the Debentures sold or \$240,000 and structuring and due diligence fees of \$15,000 and \$5,000, respectively. The amount paid to Yorkville Advisor, LLC in connection with the Debentures was capitalized and charged to interest expense over the three-year term of the Debentures since Yorkville is related to the holders of the Debentures by virtue of common ownership. The amount charged as interest since inception to October 31, 2006 was \$82,313. The net proceeds after deducting legal and accounting fees and other expenses, will be used for working capital including Phase I and initiation of Phase II testing of its Lovaxin C, its first Listeria cancer immunotherapy in cervical cancer patients, and acceleration of preclinical testing for several pipeline vaccines including Lovaxin B and Lovaxin S for breast and ovarian cancer, respectively.

In accounting for the Debentures and the warrants described above the Company considered the guidance contained in EITF 00-19, "Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled In, a Company's Own Common Stock," and SFAS 133 "Accounting for Derivative Instruments and Hedging Activities." In accordance with the guidance provided in EITF 00-19, the Company determined that the conversion feature of the convertible debentures represents an embedded derivative since the debenture is convertible into a variable number of shares based upon the conversion formula which could require the Company to issue shares in excess of its authorized amount. The convertible debentures are not considered to be "conventional" convertible debt under EITF 00-19 and thus the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability.

The Company is required to measure the fair value of the warrants and the embedded conversion feature to be calculated using the Black-Scholes valuation model on the date of each reporting period until the debt is extinguished. The Company allocated the proceeds from the sale of the Debentures between the relative fair values at the date of origination of the sale for the warrants, embedded derivative and the debenture. The fair value of the warrants was calculated by using the Black-Scholes valuation model with the following assumptions: (i) 4,200,000 warrants at market price of common stock on the date of sale of \$0.21 per share, exercise price of \$0.287 and (ii) 300,000 warrants at the market price of common stock of \$0.21 per share, exercise price of \$0.3444 both at risk-free interest rate of 4.5%, expected volatility of 25% and expected life of five years. The fair value of the warrants of \$214,950 was recorded as a reduction to the Debenture liability and will be amortized over the loan period and charged to interest expense. The portion of the fair value of the warrants charged to interest expense for the since inception to October 31, 2006 was \$53,738.

The fair value of the embedded conversion feature allocated to the Debentures liability was based on the Black-Scholes valuation model with the following assumptions: (i) the market price convertible at the price equal to 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion or \$0.2293 on the date of origination (most beneficial conversion rate), (ii) the conversion price of \$0.287, (iii) the risk free interest rate of 4.5%, (iv) expected volatility of 30% and (v) expected life of three years. The fair value of the embedded conversion feature of \$512,865 was recorded as a reduction to the Debenture liability and will be amortized over the loan period and charged to interest expense. The portion of the fair value of the embedded conversion feature charged to interest expense for the twelve months ended October 31, 2006 was \$176,481.

Convertible Secured Debentures due February 1, 2009: 6% per annum	\$ 3,000,000
Common Stock Warrant liability	\$ (214,950)
Embedded derivative liability	\$ (512,865)
Convertible Debenture as the date of sale	\$ 2,272,185
Amortization of discount on warrants & embedded feature as of October 31, 2006	\$ 230,218
Conversion of Cornell Capital Partners LP	\$ (300,000)
Convertible Secured Debenture Liability as of October 31, 2006	\$ 2,202,403
Embedded Derivative Liability	2,815,293
Convertible Secured Debentures and Fair Value of Embedded Derivative Liability	\$ 5,017,696

On the following dates Cornell converted the following dollars of convertible notes into shares of the Company's common stock from inception to October 31, 2006 since inception:

Date of Conversion	Amount of Conversion	Number of Shares	Conversion Share Price
April 20, 2006	\$50,000	212,947	.2348
May 9, 2006	\$50,000	212,947	.2348
July 6, 2006	\$25,000	112,918	.2214
July 19, 2006	\$25,000	139,198	.1796
August 2, 2006	\$25,000	160,051	.1562
August 10, 2006	\$25,000	183,959	.1359
September 14, 2006	\$25,000	186,567	.1340
September 26, 2006	\$25,000	186,567	.1340
October 9, 2006	\$25,000	185,874	.1345
October 20, 2006	\$25,000	185,874	.1345
Total	\$300,000	1,766,902	

On the following dates Cornell Capital Partners LP converted the following dollars of convertible notes into shares of the Company's common stock since October 31, 2006:

Date of Conversion	Amount of Conversion	Number of Shares	Conversion Share Price
November 7, 2006	\$25,000	177,305	\$.1410
November 17, 2006	\$25,000	169,377	\$.1476
December 1, 2006	\$25,000	160,979	\$.1553
December 18, 2006	\$50,000	367,377	\$.1361
January 19, 2007	\$25,000	183,688	\$.1361
February 1, 2007	\$25,000	166,445	\$.1502
Total	\$175,000	1,225,171	

Company will continue to measure the fair value of the warrants and embedded conversion features at each reporting date using the Black-Scholes valuation model based on the current assumptions at that point in time. This calculation has resulted in a fair market value significantly different than the previous reporting period. The increase or decrease in the fair market value of the warrants and embedded conversion feature at each period results in a non-cash income or loss to the other income or loss line item in the Statement of Operations along with a corresponding change in liability.

The Company is required to measure the fair value of the warrants calculated using the Black-Scholes valuation model on the date of each reporting period until the debt is extinguished. On October 31, 2006 the fair value of the warrants was calculated by using the Black-Scholes valuation model with the following assumptions: (i) 4,200,000 warrants at market price of common stock on the date of sale of \$0.20 per share, exercise price of \$0.287 and (ii) 300,000 warrants at the market price of common stock of \$0.20 per share, exercise price of \$0.3444 both at risk-free interest rate of 4.56%, expected volatility of 122% and expected life of 4.33 years. The fair value of the warrants was \$714,600 or an increase of \$499,650 over the \$214,950 recorded at inception. This increase of the fair value of the

warrants was charged to the Statements of Operations as expenses to Net Change in Fair Value of Common Stock Warrant and Embedded Derivative Liability and credited to Condensed Balance Sheet: Common Stock Warrants Liabilities.

Likewise the Company is also required to measure the fair value of the embedded conversion feature allocated to the Debentures liability based upon the Black-Scholes valuation model on the date of each reporting period. On October 31, 2006 the fair value of this feature was based on the following assumptions: (i) the market price convertible at the price equal to 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion or \$0.141 on October 31, 2006, (ii) the conversion price of \$0.20, (iii) the risk free interest rate of 4.62%, (iv) expected volatility of 127.37% and (v) expected life of 2.333 years. The fair value of the embedded conversion feature was \$2,815,293 or an increase of \$2,302,428 over the \$512,865 recorded at inception. This increase of the fair value of the embedded conversion feature was charged to the Consolidated Statements of Operations expensed as Net Change in Fair Value of Common Stock Warrant and Embedded Derivative Liability and credited to Condensed Balance Sheet was credited to the Embedded Derivative Liability.

Upon full payment of the Debentures (through repayment or conversion to equity) the fair value of the warrants on that date will be reclassified to equity.

6. STOCK OPTIONS:

The Company has adopted the Advaxis, Inc. 2002 Stock Option Plan (the "Plan"), which allows for grants up to 8,000 shares of the Company's common stock. This Plan was replaced by the Advaxis 2004 Option Plan, which allows for grants up to 2,381,525 shares of the Company's common stock. The board of directors adopted and the shareholders approved the Company's 2005 stock option plan on June 6, 2006, which allows for grants up to 5,600,000 shares of the Company's common stock. Both the 2004 plan and the 2005 plan shall be administered and interpreted by the Company's board of directors

Stock option activity during the periods indicated is as follows:

On November 12, 2004, in connection with the recapitalization (see Note 8), the options granted under the 2002 option plan were canceled, and employees and consultants were granted options of Advaxis under the 2004 plan. The cancellation and replacement had no accounting consequence since the aggregate intrinsic value of the options immediately after the cancellation and replacement was not greater than the aggregate intrinsic value immediately before the cancellation and replacement, and the ratio of the exercise price per share to the fair value per share was not reduced. Additionally, the original options were not modified to accelerate vesting or extend the life of the new options. The table provided in this Note 4 reflects the options on a post recapitalization basis.

A summary of the grants, cancellations and expirations (none were exercised) of the Company's outstanding options for the periods starting with October 31, 2004 through October 31, 2006 is as follows:

	Shares	Weighted Average Exercise Price	Remaining Life In Years	Aggregate Intrinsic Value
Outstanding as of October 31, 2004	2,389,271	\$ 0.23	8.4	
Granted	3,242,547	\$ 0.29		
Cancelled or Expired	789,279	\$ 0.23		
Exercised	-	-		
Outstanding as of October 31, 2005	4,842,539	\$ 0.27	8.1	6,867
Granted	2,233,179	\$ 0.22		12,000
Cancelled or Expired	(116,641)	\$ 0.37		
Exercised	—	—		
Outstanding as of October 31, 2006	6,959,077	\$ 0.25	7.7	\$ 18,867
Vested & Exercisable at October 31, 2006	3,755,910	\$ 0.25	7.3	\$ 6,867

The fair value of options granted for the year ended October 31, 2006 amounted to \$301,015.

The following table summarizes significant ranges of outstanding and exercisable options as of October 31, 2006 (number outstanding and exercisable in thousands):

Range of Exercise Prices	Number Outstanding	Options Outstanding			Options Exercisable		
		Weighted- Average Remaining Contractual Life (in Years)	Weighted- Average Exercise Price per Share	Aggregate Intrinsic Value	Number Exercisable	Weighted- Average Exercise Price per Share	Aggregate Intrinsic Value
	300	9.9	\$ 0.16	\$ 12,000	0	\$ 0.16	0

\$							
0.16-0.18							
0.19-0.21	2,607	6.7	0.20	6,867	1,899	0.20 \$	6,867
0.24-0.26	760	9.4	0.26	0	50	0.26	0
0.28-0.29	2,970	8.3	0.29	0	1,485	0.29	0
0.35-0.43	322	6.3	0.37		322	0.37	
Total	6,959	7.7 \$	0.25 \$	18,867	3,756 \$	0.25 \$	6,867

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on options with an exercise price less than the Company's closing stock price of \$0.20 as of October 31, 2006, which would have been received by the option holders had those option holders exercised their options as of that date.

A summary of the status of the Company's nonvested shares as of October 31, 2006, and changes during the twelve months ended October 31, 2006 are presented below:

	Number of Shares	Weighted Average Exercise Price at Grant Date	Weighted Average Remaining Contractual Term (in years)
Non-vested shares at October 31, 2005	2,386,542	\$ 0.29	8.5
Options granted	2,233,179	\$ 0.22	9.4
Options vested	(1,416,554)	\$ 0.25	7.8
Options forfeited or expired	-	-	-
Non-vested shares at October 31, 2006	3,203,167	\$ 0.25	9.0

As of October 31, 2006, there was approximately \$381,000 of unrecognized compensation cost related to non-vested stock option awards, which is expected to be recognized over a remaining average vesting period of 2.8 years.

7. COMMITMENTS AND CONTINGENCIES:

Pursuant to multiple consulting agreements and a licensing agreement, the Company is contingently liable for the following:

The Company is obligated to pay \$75,000 to its former patent counsel upon receiving financing of \$5,000,000 or greater.

The Company is obligated to pay \$8,000 to a consultant upon receiving financing of \$5,000,000 or greater.

Under an amended and restated 20-year exclusive worldwide (July 1, 2002 effective date) license agreement, the Company is obligated to pay (a) \$525,000 in aggregate, divided over a three-year period as a minimum royalty after the first commercial sale of a product. Such payments are not anticipated within the next five years. (b) On December 31, 2008 the Company is also obligated to pay annual license maintenance fees of \$50,000 increasing to a maximum of \$100,000 per year until the first commercial sale of a licensed product. (c) Upon the initiation of a phase III clinical trial and the regulatory approval for the first Licensor product the Company is obligated to pay milestone payments of \$400,000 and \$600,000, respectively. (d) Upon the achievement of the first sale of a product in certain fields, the Company shall be obligated to pay certain milestone payments, as follows: \$2,500,000 shall be due for first commercial sale of the first product in the cancer field (of which \$1,000,000 shall be paid within forty-five (45) days of the date of the first commercial sale, \$1,000,000 shall be paid on the first anniversary of the first commercial sale; and \$500,000 shall be paid on the second anniversary of the date of the first commercial sale). In addition, \$1,000,000 shall be due and payable within forty-five (45) days following the date of the first commercial sale of a product in each of the following fields (a) infectious disease, (b) allergy, (c) autoimmune disease, and (d) any other therapeutic indications for which licensed products are developed. Therefore, the maximum total potential amount of milestone payments is \$3,500,000 in a cancer field. The milestone payments related to first sales are not expected prior to obtaining a regulatory approval to market and sell the Company's vaccines, and such regulatory approval is not expected within the next 5 years. In addition, the Licensor is entitled to receive a non-refundable \$157,134 payment of historical license costs. Under a licensing agreement, the Licensor is also entitled to receive royalties of 1.5% on net sales in all countries. In addition, we are obligated to reimburse the Licensor for all attorneys fees, expenses, official fees and other charges incurred in the preparation, prosecution and maintenance of the patents licensed from the Licensor.

Also pursuant to our restated and amended license agreement our option terms to license from the Licensor any new future invention conceived by either Dr. Paterson or Dr. Fred Frankel in the vaccine area were extend until June 17,

2009. We intend to expand our intellectual property base by exercising this option and gaining access to such future inventions. Further, our consulting agreement with Dr. Paterson provides, among other things, that, to the extent that Dr. Paterson's consulting work results in new inventions, such inventions will be assigned to Licensor, and we will have access to those inventions under license agreements to be negotiated. We recently exercised the option and have entered into negotiations to license up to 18 inventions. The license fees, legal expense, and other filing expenses for such 18 inventions are estimated to amount to \$400,000 over a period of several years. With each patent the Licensor can negotiate an initiation fee up to \$10,000 for each license.

Under a consulting agreement with the Company's scientific inventor, the Company is obligated to pay \$3,000 per month until the Company closes a \$3,000,000 equity financing, \$5,000 per month pursuant to a \$3,000,000 equity financing, \$7,000 per month pursuant to a \$6,000,000 equity financing, and \$9,000 per month pursuant to a \$9,000,000 equity financing.

We entered into a sponsored research agreement on December 6, 2006 with Penn and the consultant under which we are obligated to pay \$159,598 per year for a total period of 2 years covering the development of potential vaccine candidate based on our *Listeria* technology as well as other basic research projects.

Under a partial deferral fee payment agreement with the Company's attorney they have agreed to defer one half of an invoice for \$56,826 until the Company's closing of the next round of financing, whether debt or equity.

Pursuant to a Clinical Research Service Agreement, the Company is obligated to pay \$522,000 to a vendor, of which \$215,000 shall be paid upon the occurrence of a \$5,000,000 equity financing.

The Company is obligated under a non-cancelable operating lease for laboratory and office space expiring in May 2007 with aggregate future minimum payments due amounting to \$39,200.

We have entered a consulting agreement with a biotech consultant. The Agreement commenced on January 7, 2005 and has a six month term, which was extended upon the agreement of both parties. The consultant provides three days per month service during the term of the agreement assistance on its development efforts, reviewing our scientific technical and business data and materials and introducing us to industry analysts, institutional investors collaborators and strategic partners. In consideration for the consulting services we will pay the consultant \$2,000 per month.

We have entered into an agreement with a consultant to develop and manage our grant writing strategy and application program. Advaxis will pay consultant according to a fee structure based on achievement of grants awarded to us at the rate of 6-7% of the grant amount. Advaxis will also pay a fixed consulting fees based on the type of grants submitted, ranging from \$5,000-7,000 depending on the type of application submitted to the national SBIR and related NIH/NCI programs.

We have entered into a nonexclusive license and bailment agreement with the Regents of the University of California ("UCLA") to commercially develop products using the XFL7 strain of *Listeria monocytogenes* in humans and animals. The agreement is effective for a period of 15 years and renewable by mutual consent of the parties. Advaxis is to pay UCLA an initial licensee fee and annual maintenance fees for use of the *Listeria*. We may not sell products using the XFL7 strain *Listeria* other than agreed upon products or sublicense the rights granted under the license agreement without the prior written consent of UCLA.

In July 2003, we entered into an agreement with a biomanufacturing company for the purpose of manufacturing our cervical cancer vaccine Lovaxin C. The agreement to expired in December 2005 upon the delivery and completion of stability testing of the GMP material for the Phase I trial. The company has agreed to convert \$300,000 of its existing fees for manufacturing into future royalties from the sales of Lovaxin C at the rate of 1.5% of net sales, with payments not to exceed \$1,950,000. In November 2005, in order to cover Lovaxin C on a long-term basis and to cover other drug candidates which we are developing, we entered into a Strategic Collaboration and Long-Term Vaccine Supply Agreement for *Listeria* Cancer Vaccines, under which the company agreed to manufacture experimental and commercial supplies of our *Listeria* cancer vaccines.

The Company entered into a consulting agreement with LVEP Management LLC (LVEP) dated as of January 19, 2005, and amended on April 15, 2005, and October 31, 2005, pursuant to which Mr. Roni Appel served as Chief Executive Officer, Chief Financial Officer and Secretary of the Company and was compensated by consulting fees paid to LVEP. LVEP is owned by the estate of Scott Flamm (deceased January 2006) previously, one of our directors and a principal shareholder. Pursuant to an amendment dated December 15, 2006 ("effective date") Mr. Appel

resigned as President and Chief Executive Officer and Secretary of the Company on the effective date, but remains as a board member and consultant to the company. The term of the agreement as amended is 24 months from effective date. Mr. Appel will devote 50% of his time to the company over the first 12 months of the consulting period. Also as a consultant, he will be paid at a rate of \$22,500 per month in addition to benefits as provided to other company officers. He will receive severance payments over an additional 12 months at a rate of \$10,416.67 per month and shall be reimbursed for family health care. All his stock options vested fully on the effective date and are exercisable over the option contract life. The Company will record a charge to its statement of operation in 2007 for the effect of the modification of these options. Also, Mr. Appel was issued 1,000,000 shares of our common stock. He will receive a \$250,000 bonus \$100,000 paid on January 2, 2007 and the remainder to be paid on June 1, 2007.

We have entered into a consulting agreement with a consultant, whereby he will assist us in the preparation and refinement of our marketing summary and presentation materials and introduce us to pre defined pharmaceutical and biotechnology companies which may be interested in strategic partnerships. The consultant will receive a monthly cash fee of \$1,500 and approved expenses, and in addition success based compensation payable in cash and stock ranging from 5% to 4% of transaction proceeds, upon completion of a transaction with a strategic partner introduced by the consultant. The agreement will be effective until July 12, 2007.

We have entered into a master service agreement with Apothecaries Limited on September 20, 2006, a contract research organization (CRO) for the purpose of providing us with clinical trial management services in the country of India in connection with our Phase I/II clinical trial in Lovaxin C. Under the agreement we will pay Apothecaries amounts based on certain criteria detailed in the agreement such as clinical sites qualified (\$1,500 per site), submitting and obtaining regulatory approval (\$17,000), and numbers of patients enrolled to the clinical trial (\$7,500 for each treated patient). If regulatory approval shall be obtained and 10 patients shall be recruited and treated in 6 clinical sites, we shall pay Apothecaries a total of \$101,000.

We entered into an agreement with Investor Relations Group (IRG) whereby IRG will serve as an investor relations and public relations consultant. The term of this agreement is on a month to month basis. In consideration for performing its services, SGI is to be paid \$10,000 per month plus out of pocket expenses, and 200,000 common shares over a period of 18 months commencing October 1, 2005, provided the agreement has not terminated. Through October 31, 2006 we issued 99,999 shares out of the 133,332 vested shares as per the agreement.

We entered into an agreement with a consulting firm to provide biologics regulatory consulting services to the Company in support of the IND submission to the FDA. The tasks to be performed under this Agreement will be agreed to in advance by the Company and consulting firm. The term of the agreement is from June 1, 2006 to June 1, 2007. This is a time and material agreement.

Thomas Moore effective December 15, 2006 agreed to terms with the Company whereby he was named CEO and Chairman. He may also nominate one additional Board Member of his choice subject to the By-Laws. Mr. Moore will receive a salary of \$250,000 annually to increase to \$350,000 subject to a financial raise of \$4,000,000. He will receive a grant of 750,000 shares upon the successful raise of \$4,000,000. He will receive an additional grant of 750,000 shares upon the raise of an additional \$6,000,000. He will also receive a grant of 2,400,000 options at the price of \$0.143 per share as of December 15, 2006 to vest monthly over 2 years. If he doesn't raise at least \$4,000,000 by June 2007 he will tender his resignation and return all options and receive no severance. Moore is eligible to receive an additional grant of 1,500,000 shares if the company stock is \$0.40 per share or higher over 40 consecutive days. He will receive a health care plan at no cost to him. In the event of a change of control and his termination by the company he will receive one year severance at the existent level. Mr. Moore will personally contribute a minimum of up to \$250,000 in 2007.

The Company entered into an employment agreement with Dr. Vafa Shahabi PhD to become Head of Director of Science effective March 1, 2005, terminable on 30 days notice. Her current compensation is \$115,000 per annum with a potential bonus of \$20,000. In January 2006 she was paid a bonus in stock with a market value of \$14,800. In addition, Dr. Shahabi received, commencing July 1st 2006, a \$20,000 pay increase annually payable in shares to be issued every July 1st and January 1st (limited to conversion at \$0.20 share as minimum). She was granted 150,000 options on hire plus 250,000 options in fiscal year 2006.

The Company entered into an employment agreement with Dr. John Rothman, PhD to become Vice President of Clinical Development effective March 7, 2005 for a term of one year ending February 28, 2006 and terminable on 30 days notice. His compensation is \$170,000 per annum, to increase to \$180,000 upon the closing of a \$15 million equity financing. Upon meeting incentives to be set by the Company, he will receive a bonus of up to \$45,000. In fiscal year 2006 he was paid a bonus of \$10,000 in cash plus \$14,800 in company stock. Effective January 1, 2006 his salary increased by \$30,000 annually payable in stock to be issued every July 1st and January 1st (limited to conversion at \$0.20 share as minimum). In addition, Dr. Rothman was granted 360,000 stock options per his employment agreement and was granted 150,000 options in March 2006.

The Company entered into an employment agreement with Fred Cobb to become Vice President of Finance effective February 20, 2006 terminable on 30 days notice. His compensation is \$140,000 per annum. Upon meeting incentives to be set by the Company, he will receive a bonus of up to \$28,000. In July 1, 2006 his salary increased by \$20,000 annually payable in stock to be issued every July 1st and January 1st. In addition, Mr. Cobb was granted 150,000 stock options per his employment agreement and was granted and additional 150,000 options in March 2006.

Cerus has filed an opposition against European Patent Application Number 0790835 (EP 835 Patent) which was granted by the European Patent Office and which is assigned to The Trustees of the University of Pennsylvania and exclusively licensed to us. Cerus' allegations in the Opposition are that the EP 835 Patent, which claims a vaccine for inducing a tumor specific antigen with a recombinant live *Listeria*, is deficient because of (i) insufficient disclosure in the specifications of the granted claims, (ii) the inclusion of additional subject matter in the granted claims, and (iii) a lack of inventive steps of the granted claims of the EP 835 Patent. On November 29, 2006, following oral proceedings, the Opposition Division of the European Patent Office determined that the claims of the patent as granted should be revoked due to lack of inventive step under European Patent Office rules based on certain prior art publications. This decision has no material effect upon our ability to conduct business as currently contemplated. We will review the formal written decision in order to evaluate whether to file an appeal. In the event of an appeal there is no assurance that it will be successful. If such ruling is upheld on appeal, our patent position in Europe may be eroded. The likely result of this decision will be increased competition for us in the European market for recombinant live *Listeria* based vaccines for tumor specific antigens. Regardless of the outcome, we believe that our freedom to operate in Europe, or any other territory, for recombinant live *Listeria* based vaccine for tumor specific antigen products will not be diminished.

The Company is involved in various claims and legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters would not have a material adverse impact on the financial position of the Company or the results of its operations.

8. INCOME TAXES:

The Company has a net operating loss carry forward of approximately \$5,227,000 at October 31, 2006 available to offset taxable income through 2026.

The tax effects of loss carry forwards give rise to a deferred tax asset and a related valuation allowance at October 31, 2006 as follows:

Net operating losses	\$ 2,090,711
Stock based compensation	182,086
Less valuation allowance	(2,272,797)
Deferred tax asset	\$ -0-

The difference between income taxes computed at the statutory federal rate of 34% and the provision for income taxes relates to the following:

	Year ended October 31, 2005	Year ended October 31, 2006	Period from March 1, 2002 (inception) to October 31, 2006
Provision at federal statutory rate	34%	34%	34%
Valuation allowance	(34)	(34)	(34)
	-0-%	-0-%	-0-%

9. RECAPITALIZATION:

On November 12, 2004, Great Expectations and Associates, Inc. ("Great Expectations") acquired the Company through a share exchange and reorganization (the "Recapitalization"), pursuant to which the Company became a wholly owned subsidiary of Great Expectations. Great Expectations acquired (i) all of the issued and outstanding shares of common stock of the Company and the Series A preferred stock of the Company in exchange for an aggregate of 15,597,723 shares of authorized, but theretofore unissued, shares of common stock, no par value, of Great Expectations; (ii) all of the issued and outstanding warrants to purchase the Company's common stock, in exchange for warrants to purchase 584,885 shares of Great Expectations; and (iii) all of the issued and outstanding options to purchase the Company's common stock in exchange for an aggregate of 2,381,525 options to purchase common stock of Great Expectations, constituting approximately 96% of the common stock of Great Expectations prior to the issuance of shares of common stock of Great Expectations in the private placement described below. Prior to the closing of the Recapitalization, Great Expectations performed a 200-for-1 reverse stock split, thus reducing the issued and outstanding shares of common stock of Great Expectations from 150,520,000 shares to 752,600 shares. Additionally, 752,600 shares of common stock of Great Expectations were issued to the financial advisor in connection with the Recapitalization. Pursuant to the Recapitalization, there were 17,102,923 common shares outstanding in Great Expectations. As a result of the transaction, the former shareholders of Advaxis are the controlling shareholders of the Company. Additionally, prior to the transaction, Great Expectations had no substantial assets. Accordingly, the transaction is treated as a recapitalization, rather than a business combination. The historical financial statements of Advaxis are now the historical financial statements of the Company. Historical shareholders' equity (deficiency) of Advaxis has been restated to reflect the recapitalization, and include the shares received in the transaction.

On November 12, 2004, the Company completed an initial closing of a private placement offering (the "Private Placement"), whereby it sold an aggregate of \$2.925 million worth of units to accredited investors. Each unit was sold for \$25,000 (the "Unit Price") and consisted of (a) 87,108 shares of common stock and (b) a warrant to purchase, at any time prior to the fifth anniversary following the date of issuance of the warrant, to purchase 87,108 shares of common stock included at a price equal to \$0.40 per share of common stock (a "Unit"). In consideration of the investment, the Company granted to each investor certain registration rights and anti-dilution rights. Also, in November 2004, the Company converted approximately \$618,000 of aggregate principal promissory notes and accrued interest outstanding into Units.

On December 8, 2004, the Company completed a second closing of the Private Placement, whereby it sold an aggregate of \$200,000 of Units to accredited investors.

On January 4, 2005, the Company completed a third and final closing of the Private Placement, whereby it sold an aggregate of \$128,000 of Units to accredited investors.

Pursuant to the terms of a investment banking agreement, dated March 19, 2004, by and between the Company and Sunrise Securities, Corp. (the "Placement Agent"), the Company issued to the Placement Agent and its designees an aggregate of 2,283,445 shares of common stock and warrants to purchase up to an aggregate of 2,666,900 shares of common stock. The shares were issued as part consideration for the services of the Placement Agent, as placement agent for the Company in the Private Placement. In addition, the Company paid the Placement Agent a total cash fee of \$50,530.

On January 12, 2005, the Company completed a second private placement offering whereby it sold an aggregate of \$1,100,000 of units to a single investor. As with the Private Placement, each unit issued and sold in this subsequent private placement was sold at \$25,000 per unit and is comprised of (i) 87,108 shares of common stock, and (ii) a five-year warrant to purchase 87,108 shares of our common stock at an exercise price of \$0.40 per share. Upon the closing of this second private placement offering the Company issued to the investor 3,832,753 shares of common stock and warrants to purchase up to an aggregate of 3,832,753 shares of common stock.

The aggregate sale from the four private placements was \$4,353,000, which was netted against transaction costs of \$329,673 for net proceeds of \$4,023,327.

Pursuant to a Securities Purchase Agreement dated February 2, 2006 (\$1,500,000 principal amount) and March 8, 2006 (\$1,500,000 principal amount) we issued to Cornell Capital Partners, LP (“Cornell”) \$3,000,000 principal amount of the Company’s Secured Convertible Debentures due February 1, 2009 (the “Debentures”) at face amount, and five year Warrants to purchase 4,200,000 shares of Common Stock at the price of \$0.287 per share and five year B Warrants to purchase 300,000 shares of Common Stock at a price of \$0.3444 per share.

The Debentures are convertible at a price equal to the lesser of (i) \$0.287 per share (“Fixed Conversion Price”), or (ii) 95% of the lowest volume weighted average price of the Common Stock on the market on which the shares are listed or traded during the 30 trading days immediately preceding the date of conversion (“Market Conversion Price”). Interest is payable at maturity at the rate of 6% per annum in cash or shares of Common Stock valued at the conversion price then in effect.

Cornell has agreed that (i) it will not convert the Debenture or exercise the Warrants if the effect of such conversion or exercise would result in its and its affiliates’ holdings of more than 4.9% of the outstanding shares of Common Stock, (ii) neither it nor its affiliates will maintain a short position or effect short sales of the Common Stock while the Debentures are outstanding, and (iii) no more than \$300,000 principal amount of the Debenture may be converted at the Market Conversion Price during a calendar month.

Item 8: Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

NONE

Item 8A: Controls And Procedures

Evaluation of Disclosure Controls And Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Our disclosure controls and procedures are designed to provide a reasonable level of assurance that our disclosure control objectives are achieved. Our principal executive officer and principal financial officer has concluded that our disclosure controls and procedures are, in fact, effective at providing this reasonable level of assurance as of the period covered.

Changes In Internal Controls Over Financial Reporting

In connection with the evaluation of our internal controls during our last fiscal quarter, our principal executive officer and principal financial officer has determined that there are no changes to our internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, our internal controls over financial reporting.

Item 8 B: Other Information.

NONE

PART III**Item 9: Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act.****Executive Officers, Directors, and Key Employees**

The following are our executive officers and directors and their respective ages and positions as of January 23, 2007:

Name	Age	Position
Thomas Moore (3)	55	Chief Executive Officer and Chairman of the Board of Directors
Dr. James Patton (1)	48	Director
Roni A. Appel (3) (4) (5)	39	Director
Dr. Thomas McKearn (2)	56	Director
Richard Berman (1) (2) (4)	63	Director
Martin R. Wade III	56	Director
Dr. John Rothman	58	Vice President, Clinical Development
Fred Cobb	59	Vice President, Finance and Principal Financial Officer

(1)Member of the Audit Committee.

(2)Member of the Compensation Committee.

(3)Member of the Nominating and Corporate Governance Committee.

(4)Member of the Finance Committee

(5)Mr. Appel resigned as President, Chief Executive Officer on December 15, 2006

Thomas A. Moore. Effective December 15, 2006, Thomas Moore was named our Chairman and Chief Executive Officer . He is currently also Director at Alteon, Inc., a publicly traded developer of pharmaceuticals for the treatment of diabetes and age-related diseases, El Dorado Inc., a targeted marketer to unassimilated Hispanics, Medmeme, which measures medical education effectiveness, MD Offices, an electronic medical records provider, and Opt-e-scrip, Inc., which markets a clinical system to compare multiple drugs in the same patient. He also serves as Chairman of the Board of Directors of Mayan Pigments, Inc., which has developed and patented Mayan pigment technology. Previously, from June 2002 to June 2004 Mr. Moore was President and Chief Executive Officer of Biopure Corporation, a developer of oxygen therapeutics that are intravenously administered to deliver oxygen to the

body's tissues. From 1996 to November 2000 he was President and Chief Executive Officer of Nelson Communications. Previously, Mr. Moore had a 23-year career with the Procter & Gamble Company in multiple managerial positions, including president of Health Care Products where he was responsible for prescription and over-the-counter medications worldwide, and group vice president of the Procter & Gamble Company.

Mr. Moore is a defendant in a civil enforcement action captioned *Securities & Exchange Commission v. Biopure Corp. et al.*, No. 05-11853-PBS (D. Mass.), filed on September 14, 2005, which alleges that Mr. Moore made and approved misleading public statements about the status of FDA regulatory proceedings concerning a product manufactured by his former employer, Biopure Corp. Mr. Moore has vigorously defended the action. On December 11, 2006, the SEC and Mr. Moore jointly sought a continuance of all proceedings based upon a tentative agreement in principle to settle the SEC action. The SEC's Commissioners have approved the terms of the settlement, which has been submitted to the Court for its formal adoption. Mr. Moore is also a defendant in a purported class action lawsuit, styled *In re Biopure Corp. Securities Litigation*, No. 1:03-cv-12628 (D. Mass), which is based upon similar allegations. The parties have reached an agreement in principle for the settlement of this action subject to the Court's approval.

Dr. James Patton. Dr. Patton, a Director since February 2002 served as Chairman of our Board of Directors from November 2004 until December 31, 2005, and as Advaxis' Chief Executive Officer from February 2002 to November 2002. Since February 1999, Dr. Patton has been the President of Comprehensive Oncology Care, LLC, which owns and operates a cancer treatment facility in Exton, Pennsylvania and as Vice President of Millennium Oncology Management, Inc., which provides technical services for oncology care to four sites. From February 1999 to September 2003, Dr. Patton also served as a consultant to LibertyView Equity Partners SBIC, LP, a venture capital fund based in Jersey City, New Jersey ("LibertyView"). From July 2000 to December 2002, Dr. Patton served as a director of Pinpoint Data Corp. From February 2000 to November 2000, Dr. Patton served as a director of Healthware Solutions. From June 2000 to June 2003, Dr. Patton served as a director of LifeStar Response. He earned his B.S. from the University of Michigan, his Medical Doctorate from Medical College of Pennsylvania, and his M.B.A. from the University of Pennsylvania's Wharton School. Dr. Patton was also a Robert Wood Johnson Foundation Clinical Scholar. He has published papers regarding scientific research in human genetics, diagnostic test performance and medical economic analysis.

Roni A. Appel. Mr. Appel has been a Director since November 2004. He was President and Chief Executive Officer from January 1, 2006 and Secretary and Chief Financial Officer from November 2004, until he resigned as Chief Financial Officer on September 7, 2006 and as President, Chief Executive Officer and Secretary on December 15, 2006. He has provided consulting services to us through LVEP Management, LLC, since January 19, 2005. From 1999 to 2004, he has been a partner and managing director of LVEP Equity Partners (f/k/a LibertyView Equity Partners). From 1998 until 1999, he was a director of business development at Americana Financial Services, Inc. From 1994 to 1998 he was an attorney and completed his MBA at Columbia University.

Dr. Thomas McKearn. Dr. McKearn has served as a member of our Board of Directors since July 2002. Prior thereto he served as an Advaxis director since July 2002. He brings to Advaxis a 20 plus year experience in the translation of biotechnology science into innovative products that address unmet medical needs in oncology. First as one of the founders of Cytogen Corporation, then as an Executive Director of Strategic Science and Medicine at Bristol-Myers Squibb and now as the VP. Medical Affairs at GPC-Biotech, McKearn has always worked at bringing the most innovative scientific findings into the clinic and through the FDA regulatory process for the ultimate benefit of patients who need better ways to cope with their afflictions. Prior to entering the then-nascent biotechnology industry in 1981, McKearn did his medical, graduate and post-graduate training at the University of Chicago and served on the faculty of the Medical School at the University of Pennsylvania.

Martin R. Wade III. Mr. Wade was appointed to the Board on March 29, 2006. Since August 2001, he has been Chief Executive Officer (CEO) of International Microcomputer Software Inc. Since May 2000 Mr. Wade has also been CEO of Bengal Capital Partners, LLC, a merger and acquisition firm. Mr. Wade currently serves as a Director of the following publicly traded companies: International Microcomputer Software Inc., Alliance One, Inc., Nexmed and Command Security Corp. He is a Director and the Chairman of the Audit Committee of Command Security Corp. From April 2000 until December 2001, Mr. Wade served as Chief Executive Officer, Executive Vice President and Director of Digital Creative Development Corporation, an acquisition and investment company. From June 1998 until April 2000, Mr. Wade was as Managing Director of Investment Banking for Prudential Securities, Inc. Prior to joining Prudential Securities, Inc. in 1998, Mr. Wade served in progressive management roles with Bankers Trust Company, Lehman Brothers, CJ Lawrence, Morgan Grenfell, Price Waterhouse Company and Salomon Brothers over a 23 year period. Mr. Wade has been deeply involved in mergers and acquisitions, corporate finance and investment banking throughout his career. Mr. Wade received a Master of Business Administration in Finance from the University of Wyoming in 1975 and a Bachelor of Science in Business Administration from West Virginia University in 1971. From 1971 through 1975, Mr. Wade also served as a Captain in the United States Air Force.

Richard Berman. Mr. Berman a Director since September 1, 2005. In the last five years, Mr. Berman has served as a professional director and/or officer of about a dozen public and private companies. He is currently CEO of Nexmed, a public biotech company. He is Chairman of: National Investment Managers, Candidate Resources, and Fortress Technology Systems. Mr. Berman is a director of eight public companies: Dyadic International, Inc., Broadcaster,

Inc., Internet Commerce Corporation, MediaBay, Inc., NexMed, Inc., National Investment Managers, Advaxis, Inc., and NeoStem, Inc. Previously, Mr. Berman worked at Goldman Sachs; was Senior Vice President of Bankers Trust Company, where he started the M&A and Leverage Buyout Departments. He is a past Director of the Stern School of Business of NYU where he earned a B.S. and an M.B.A. He also has law degrees from Boston College and The Hague Academy of International Law.

John Rothman, Ph.D. Dr. Rothman joined the Company in March of 2005 as Vice President of Clinical Development. Prior to that between 2001 and 2003 he and a colleague purchased a 180 bed hospital from the University of Ohio system, sold it to an African Chief, and moved the facility to Ibaden Nigeria. From 2002 to 2005 Dr. Rothman was Vice President and Chief Technology Officer of Princeton Technology Partners. Prior to that he was involved in the development of the first interferon at Schering Inc, was director of a variety of clinical development sections at Hoffman LaRoche, and the Senior Director of Clinical Data Management at Roche. While at Roche his work in Kaposis' Sarcoma became the clinical basis for the first filed BLA which involved the treatment of AIDS patients with interferon.

Fredrick D. Cobb. Mr. Cobb joined Advaxis Inc. in February 2006 as the Vice President of Finance and on September 7, 2006 was appointed Principal Financial Officer (PFO) and Assistant Secretary. He was the PFO and Corporate Controller for Metaphore Pharmaceuticals Inc., a private company, from June 2004 to December 2005 and PFO and Corporate Controller at the public company Emisphere Technologies, Inc. from 2001 until 2004 Prior thereto he served as Vice President and Chief Financial Officer at MetaMorphix, Inc from 1997 to 2000. Mr. Cobb holds an M.S. in Accounting from Seton Hall University in 1997 and a B.S. degree in Management from Cornell University.

Board of Directors and Officers

Each director is elected for a period of one year at our annual meeting of stockholders and serves until the next such meeting and until his or her successor is duly elected and qualified. Officers are elected by, and serve at the discretion of, our board of directors. Our directors, other than Mr. Berman who since joining the Board received a fee of \$2,000 per month payable in shares of our common stock (at \$0.50 per share), do not presently receive any compensation for their services as directors. The board of directors may also appoint additional directors up to the maximum number permitted under our by-laws, currently nine. A director appointed will hold office until the next annual meeting of stockholders. Each of our executive officers serves at the discretion of its board of directors subject to the terms of his employment agreement and holds office until his or her successor is elected or until his or her earlier resignation or removal in accordance with our articles of incorporation and by-laws.

Meetings and Committees of the Board of Directors

During each of the years ended October 31, 2006, and October 31, 2005, our board of directors held three meetings and took action by written consent on three occasions.

Audit Committee

The Audit Committee of the board of directors was established in November 2004. The Committee now consists of Mr. Berman and Dr. Patton with Mr. Berman serving as the Audit Committee's financial expert. The Audit Committee held four meetings during the year ended October 31, 2006.

The Audit Committee is responsible for the following:

- reviewing the results of the audit engagement with the independent registered public accounting firm;
- identifying irregularities in the management of our business in consultation with our independent accountants, and suggesting an appropriate course of action;
- reviewing the adequacy, scope, and results of the internal accounting controls and procedures;
- reviewing the degree of independence of the auditors, as well as the nature and scope of our relationship with our independent registered public accounting firm;
- reviewing the auditors' fees; and
- recommending the engagement of auditors to the full board of directors.

Compensation Committee

The Compensation Committee of the board of directors was established in November 2004. The committee now consists of Mr. Berman and Dr. McKearn. The Compensation Committee held four meetings during the year ended October 31, 2006. The Compensation Committee determines the salaries, incentive compensation of our officers subject to applicable employment agreements, and provides recommendations for the salaries and incentive compensation of our other employees and consultants.

70

Compensation Issuance and Analyses

The Committee's goal is to structure our compensation program to attract, motivate, reward and retain the management talent required to achieve corporate objectives and thereby increase stockholder value. Its policy is to provide incentives to our senior management to achieve both short-term and long-term objectives and to reward exceptional performance and contributions to the development of our business. Accordingly, the program seeks to provide a competitive base salary, cash incentive bonuses and stock-based compensation.

Stock options have been granted to our senior executive officer by the board of directors or the Compensation Committee under the Stock Option Plans. The Committee believes that stock options provide an incentive that focuses the executive's attention on managing us from the perspective of an owner with an equity stake in the business. Options are awarded with an exercise price equal to the market value of common stock on the date of grant, have a maximum term of ten years and generally become exercisable, in whole or in part, starting one year from the date of grant. Among our executive officers, the number of shares subject to options granted to each individual generally depends upon the level of that officer's responsibility. The largest grants are awarded to the most senior officers who, in our view, have the greatest potential impact on our profitability and growth. Previous grants of stock options are reviewed but are not considered the most important factor in determining the size of any executive's stock option award in a particular year. The Compensation Committee reserves the right to engage services of independent consultants to perform analyses and to make recommendations to the committee relative to executive compensation matters. None have been retained to date.

The Compensation Committee will annually establish, subject to the approval of the board of directors and any applicable employment agreements, the salaries to be paid to our executive officers during the coming year.

In setting salaries, the Committee takes into account several factors, including competitive compensation data, the extent to which an individual may participate in the stock plans maintained by us, and qualitative factors bearing on an individual's experience, responsibilities, management and leadership abilities and job performance.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the board of directors established in November 2004, presently consists of Mr. Appel and Mr. Moore. The functions of the nominating and corporate governance include the following:

- identifying and recommending to the board of directors individuals qualified to serve as directors of the Company and on the committees of the board;
- advising the board with respect to matters of board composition, procedures and committees;
- developing and recommending to the board a set of corporate governance principles applicable to us and overseeing corporate governance matters generally including review of possible conflicts and transactions with persons affiliated with Directors or members of management; and
- overseeing the annual evaluation of the board and our management.

The Nominating and Corporate Governance Committee shall be governed by a charter, which we intend to adopt.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and each person who owns more than ten percent of a registered class of our equity securities (collectively, "Reporting Persons") to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities. Reporting Persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms that they file. Based solely on the Company's review of the copies of the forms received by it

during the fiscal year ended October 31, 2006 and written representations that no other reports were required, the Company believes that each person who, at any time during such fiscal year, was a director, officer or beneficial owner of more than ten percent of the Company's common stock complied with all Section 16(a) filing requirements during such fiscal year, except with respect to the following: (i) the Trustees of the University of Pennsylvania, were late in filing their Form 3; (ii) James Patton, who was late in filing his Form 3; (iii) Roni Appel, who was late in filing a Form 3 and three Form 4s; (iii) Scott Flamm, was late in filing his amended Form 3; (iv) J. Todd Derbin, has not filed three Form 4s; and (v) Thomas McKearn, was late filing a Form 3 and 4.

Code of Ethics

We have adopted a code of ethics that applies to our officers, employees and directors, including our principal executive officers, principal financial officer and principal accounting officer. The code of ethics sets forth written standards that are designated to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of the code to an appropriate person or persons identified in our code of ethics; and
- accountability for adherence to our code of ethics.

A copy of our code of ethics has been filed with the SEC as an exhibit to our Form 8K dated November 12, 2004 and a copy of our code is posted on our website at www.advaxis.com.

Item 10: Executive Compensation

The following table sets forth the information as to compensation paid to or earned by a Chief Executive Officer during the ten month ended October 31, 2004 and the twelve months ended October 31, 2005 and 2006 by our former and current executive management: It also provides similar information for the other executive officers and employees, each of whom received total compensation in excess of \$100,000 for the year ended October 31, 2006:

Name And Principal Position	Year	Annual Compensation				Long Term Compensation Awards		
		Salary(\$)	Bonus (\$)	Other**	Securities Underlying Options			
Thomas Moore*	2006							
Roni Appel(1) President, CEO, Secretary, Chief Financial Officer, and Director	2006	\$ 243,042	(2)	\$ 320,000	(4)	\$ 53,774	(5)	1,173,179 (2)
	2005	\$ 139,250	(2)	\$ 35,000	(3)			1,114,344 (2)
	2004	\$ 50,000	(3)					35,218
J. Todd Derbin(6) President, Chief Executive Officer, and Director	2006	\$ 73,200		\$ 3,850	(7)	\$ 4,043	(8)	(9)
	2005	\$ 225,000		\$ 45,000	(7)			684,473
	2004	\$ 125,000		\$ 60,000	(7)			--
Dr. John Rothman Vice President, Clinical Development	2006	\$ 201,538	(10)	\$ 10,000		\$ 23,320	(8)(17)	150,000 (11)
	2005	\$ 141,667	(13)			--		360,000 (12)
						--		
Fred Cobb Vice President Finance	2006	\$ 93,195	(14)	--		--		300,000 (15)

Dr. Vafa Shahabi	2006	\$	111,370	(14)	--	\$	3,288	(17)	250,000	(18)
	2005	\$	82,190	(16)	--				150,000	(19)

*Thomas Moore joined the Company on December 15, 2006. No compensation was earned as of October 31, 2006.

**None of the officers listed received prerequisites from us which exceed more than the lesser of \$50,000 or 10% of the officer's total compensation in 2004 and 2005.

- (1) Mr. Appel served as consultant (LVEP) in the capacity of Secretary and CFO in 2004 and 2005. He was appointed President and CEO on January 1, 2006. He resigned his position of President, CEO and Secretary on December 15, 2006 and resigned from his CFO position on September 7, 2006. Pursuant to the consulting agreement, dated as of January 19, 2005, and amended on April 15, 2005, October 31, 2005, and December 15, 2006, LVEP is to provide various financial and strategic consulting services to us.
 - (2) Mr. Appel's compensation in 2005 and 2006 was paid through our consulting agreement with LVEP. The option awards were the result of grants of options at \$0.217 per share in fiscal 2006 and 0.287 per share in fiscal 2005.
 - (3) Represents consulting fees of \$50,000 in the ten months ended October 31, 2004 paid to Carmel Ventures, Inc., of which he is a principal stockholder. He assigned \$35,000 of such fees to Mr. Scott Flamm.
 - (4) Represents 2005 bonus of \$70,000 (\$20,000 cash and \$50,000 in stock) paid in 2006, a 2006 bonus of \$250,000 paid in cash January 2, 2007. It does not include the 1,000,000 shares of common stock awarded on December 15, 2006 and issued on January 3, 2007
 - (5) Other: reimbursements for payroll taxes, healthcare cost, workers compensation, 401K match and employment related cost.
 - (6) Mr. Derbin resigned as President and CEO on December 31, 2005 and as a Director September 7, 2006.
 - (7) Mr. Derbin's 2003 bonus of \$60,000 was paid in 2004 by the issuance of 307,377 shares of common Stock of the Company on the basis of a price of \$0.1952 per share and was two-third's of the maximum amount of \$90,000 he could have been awarded.
- In determining Mr. Derbin's bonus, the Board acted in part on a discretionary basis. His 2004 bonus of 45,000 was paid in 2005 by issuance of 156,794 shares of the company's Common Stock based on \$0.287 per share. His 2005 bonus of \$3,850 was paid in 2006 by issuance of 17,422 shares of Company's Common Stock based on \$0.22 per share.
- (8) Health care insurance
 - (9) Pursuant to an employment agreement, only 928,441 of the options granted in 2003 had vested, and only 427,796 of the options granted in 2005 had vested on termination of the agreement on December 31, 2005. The balance of the options were cancelled.
 - (10) Included in his base compensation is \$25,000 payable in stock.
 - (11) Options granted at \$0.26 share
 - (12) Options granted at \$0.287 per share.
 - (13) Dr. Rothman entered employment on March 7, 2005 and included in his salary was in the issuance of 80,000 shares of common stock or \$14,800.
 - (14) Included in base compensation is \$6,667 payable in stock.
 - (15) Includes 150,000 options at \$0.26 plus shares as part of employment agreement and includes 150,000 options at \$0.16 per share granted on September 21, 2006.
 - (16) Dr. Shahabi entered employment on March 1, 2005 and included in her base is 80,000 shares of common stock or \$14,800.
 - (17) Represents 401K match
 - (18) Represents 100,000 options granted at \$0.24 per share and 150,000 options granted at \$0.16 per share
 - (19) Represents 150,000 options granted at \$0.287 per share as part of her employment agreement

Option Grants In Recent Fiscal Years

The following table sets forth each grant of stock options during the ten month period ended October 31, 2004 and the years ended October 31, 2005 and 2006 to our current and former executive officers under the 2004 stock option plan. The assumed 5% and 10% rates of stock price appreciation are provided in accordance with rules of the SEC and do

not represent our estimate or projection of our common stock price. Actual gains, if any, on stock option exercises are dependent on the future performance of our common stock, overall market conditions and the option holders' continued employment through the vesting period. Unless the market price of our common stock appreciates over the option term, no value will be realized from the option grants made to these executive officers. The potential realizable values shown in the table are calculated by assuming that the estimated fair market value of our common stock on the date of grant increases by 5% and 10%, respectively, during each year of the option term.

The outstanding stock options described above became options for our common stock upon the Share Exchange.

Individual Grants

Name	Year	Number Of Securities Underlying Options Granted	Percent Of Total Options Granted To Employees In Fiscal Period	Exercise Price	Expiration Date	Potential Realizable Value At Assumed Annual Rates of Stock Price Appreciation For Option Term(\$)		
						5%	10%	
Roni Appel Secretary and Chief Executive Officer	2006 2005 2004	1,173,179 ⁽²⁾ 1,114,344 ⁽³⁾ 35,218	53% 34% 27%	\$ 0.217 \$ 0.29 \$ 0.35	12/31/2015 3/31/2015 11/1/2012	\$ 160,113 \$ 201,165 \$ 7,753	\$ 405,809 \$ 509,788 \$ 19,648	
J. Todd Derbin ⁽¹⁾ President, Chief Executive Officer, and Director	2006 2005 2004	- 427,796 ⁽⁴⁾ -	- 13% -	- \$ 0.29 -	- 2/1/2015 -	- \$ 78,034 -	- \$ 197,753 -	
Dr. John Rothman Vice President Clinical	2006 2005	150,000 360,000	7% 11%	\$.026 \$ 0.29	3/29/2016 3/1/2015	\$ 24,528 \$ 64,988	\$ 62,167 \$ 164,692	
Fred Cobb Vice President Finance	2006 2006	150,000 150,000		7% \$ 7% \$	0.26 0.16	2/20/2016 9/20/2016	\$ 19,811 \$ 15,094	\$ 50,212 \$ 38,257
Dr. Vafa Shahabi Director of Research & Development	2006 2006 2005	100,000 150,000 150,000		5% \$ 7% \$ 5% \$	0.24 0.16 0.29	7/1/2016 9/20/2016 3/1/2015	\$ 15,094 \$ 15,094 \$ 22,641	\$ 38,257 \$ 38,257 \$ 57,385

(1) As of January 1, 2007, 1,356,237 previously granted and vested but unexercised options were forfeited.

(2) Reflects a grant in January 2006 post fiscal year end increasing the number of options to 5% of the outstanding shares and options of the Company as of December 31, 2005.

(3) Reflects the grant in April 2005 equal to 3% of the outstanding shares and other options made.

(4) 684,473 options were granted to Mr. Derbin under the 2005 option plan of which 256,677 options were surrendered pursuant to a termination of employment agreement.

Aggregate Option Exercises In Last Fiscal Year And Fiscal Year-End Option Values

No options were exercised by an executive officer in the 10 months ended October 31, 2004 and the 12 months ended October 31, 2005 and 2006. The following table sets forth the value of unexercised options with respect to each of the named executive and former executive officers.

Number Of Securities

Value Of Unexercised In-The-Money Options

Name	Year	Underlying Unexercised Options				At Fiscal Year-End(\$) ⁽²⁾	
		Shares Acquired On Exercise	At Fiscal Year-End ⁽¹⁾		Exercisable	Unexercisable	
			Exercisable	Unexercisable			
Roni Appel (3) Secretary, Chief Financial Officer, and Director	2006	0	997,045	1,382,045	\$ -	\$ -	
	2005	0	254,075	951,835	\$ -	\$ -	
	2004	0	91,567	-	\$ -	\$ -	
J. Todd Derbin President, Chief Executive Officer, and Director	2006	0	1,356,236(4)	-	\$ 4,445	\$ -	
		0	1,273,135	83,101	\$ 47,033	\$ 4,017	
	2005				\$		
	2004	0	586,382	586,382	\$ 53,947	\$ 51,015	
Dr. John Rothman VP Clinical Development	2006	0	135,000	375,000	\$ -	\$ -	
	2005	0	-	360,000	\$ -	\$ -	
Fred Cobb Vice President Finance	2006	0	-	300,000	\$ -	\$ 6,000	
Dr. Vafa Shahabi Head Director of Science	2006	0	56,250	343,750	\$ -	\$ 6,000	
	2005	0		150,000	\$ -	\$ -	

- (1) Certain of the options are immediately exercisable of the date of grant but any shares purchased are subject to repurchase by us at the original exercise price paid per share if the optionee ceases service with us before vesting in such shares
- (2) The price at end of fiscal year ending October 31, 2006 is based on the closing price of \$0.20 per share. In 2005 the price is based on a price per share of \$0.25, the highest-bid price on October 31, 2005 quoted on the OTC:BB. The price for previous years is based on the fair market value of our common stock at fiscal year end of \$0.195 per share prior to November 11, 2004, and \$0.287 per share post November 11, 2004, determined by the board to be equal to our Private Placement price per share less the exercise price payable for such shares.
- (3) As of December 15, 2006 all Mr. Appel's options become fully vested and are exercisable until the end of the contract.
- (4) As of January 1, 2007 all these options were unexercised and forfeited.

Board of Directors Compensation

With the exception of Mr. Berman who receives \$2,000 a month in shares of Common Stock at a set price of \$0.50 per share (4,000 shares), none of our directors so far has received any compensation for his services as a director other than stock options and reimbursement of expenses. Each director is granted options upon joining the board and as the compensation Committee so directs.

2004 Stock Option Plan

In November 2004, our board of directors adopted and stockholders approved the 2004 Stock Option Plan ("2004 Plan"). The 2004 Plan provides for the grant of options to purchase up to 2,381,525 shares of our common stock to employees, officers, directors and consultants. Options may be either "incentive stock options" or non-qualified options under the Federal tax laws. Incentive stock options may be granted only to our employees, while non-qualified options may be issued, in addition to employees, to non-employee directors, and consultants.

The 2004 Plan is administered by "disinterested members" of the board of directors or the Compensation Committee, who determine, among other things, the individuals who shall receive options, the time period during which the options may be partially or fully exercised, the number of shares of common stock issuable upon the exercise of each option and the option exercise price.

Subject to a number of exceptions, the exercise price per share of common stock subject to an incentive option may not be less than the fair market value per share of common stock on the date the option is granted. The per share exercise price of the common stock subject to a non-qualified option may be established by the board of directors, but shall not, however, be less than 85% of the fair market value per share of common stock on the date the option is granted. The aggregate fair market value of common stock for which any person may be granted incentive stock options which first become exercisable in any calendar year may not exceed \$100,000 on the date of grant.

No stock option may be transferred by an optionee other than by will or the laws of descent and distribution, and, during the lifetime of an optionee, the option will be exercisable only by the optionee. In the event of termination of employment or engagement other than by death or disability, the optionee will have no more than three months after such termination during which the optionee shall be entitled to exercise the option to the extent vested at termination, unless otherwise determined by the board of directors. Upon termination of employment or engagement of an optionee by reason of death or permanent and total disability, the optionee's options remain exercisable for one year to the extent the options were exercisable on the date of such termination. No similar limitation applies to non-qualified options.

We must grant options under the 2004 Plan within ten years from the effective date of the 2004 Plan. The effective date of the Plan was November 12, 2004. Subject to a number of exceptions, holders of incentive stock options granted under the Plan cannot exercise these options more than ten years from the date of grant. Options granted under the 2004 Plan generally provide for the payment of the exercise price in cash and may provide for the payment of the exercise price by delivery to us of shares of common stock already owned by the optionee having a fair market value equal to the exercise price of the options being exercised, or by a combination of these methods. Therefore, if it is provided in an optionee's options, the optionee may be able to tender shares of common stock to purchase additional shares of common stock and may theoretically exercise all of his stock options with no additional investment other than the purchase of his original shares.

Any unexercised options that expire or that terminate upon an employee's ceasing to be employed by us become available again for issuance under the 2004 Plan.

2005 Stock Option Plan

In June 2006, our board of directors adopted and stockholders approved on June 6, 2006, the 2005 Stock Option Plan ("2005 Plan").

The 2005 Plan provides for the grant of options to purchase up to 5,600,000 shares of our common stock to employees, officers, directors and consultants. Options may be either "incentive stock options" or non-qualified options under the Federal tax laws. Incentive stock options may be granted only to our employees, while non-qualified options may be issued to non-employee directors, consultants and others, as well as to our employees.

The 2005 Plan is administered by "disinterested members" of the board of directors or the compensation committee, who determine, among other things, the individuals who shall receive options, the time period during which the options may be partially or fully exercised, the number of shares of common stock issuable upon the exercise of each option and the option exercise price.

Subject to a number of exceptions, the exercise price per share of common stock subject to an incentive option may not be less than the fair market value per share of common stock on the date the option is granted. The per share exercise price of the common stock subject to a non-qualified option may be established by the board of directors, but shall not, however, be less than 85% of the fair market value per share of common stock on the date the option is granted. The aggregate fair market value of common stock for which any person may be granted incentive stock options which first become exercisable in any calendar year may not exceed \$100,000 on the date of grant.

Except when agreed by the board or the administrator of the 2005 Plan, no stock option may be transferred by an optionee other than by will or the laws of descent and distribution, and, during the lifetime of an optionee, the option will be exercisable only by the optionee. In the event of termination of employment or engagement other than by death or disability, the optionee will have no more than three months after such termination during which the optionee shall be entitled to exercise the option, unless otherwise determined by the board of directors. Upon termination of employment or engagement of an optionee by reason of death or permanent and total disability, the optionee's options remain exercisable for one year to the extent the options were exercisable on the date of such termination. No similar limitation applies to non-qualified options.

We must grant options under the 2005 Plan within ten years from the effective date of the 2005 Plan. The effective date of the Plan was January 1, 2005. Subject to a number of exceptions, holders of incentive stock options granted under the 2005 Plan cannot exercise these options more than ten years from the date of grant. Options granted under the 2005 Plan generally provide for the payment of the exercise price in cash and may provide for the payment of the exercise price by delivery to us of shares of common stock already owned by the optionee having a fair market value equal to the exercise price of the options being exercised, or by a combination of these methods. Therefore, if it is provided in an optionee's options, the optionee may be able to tender shares of common stock to purchase additional shares of common stock and may theoretically exercise all of his stock options with no additional investment other than the purchase of his original shares.

Any unexercised options that expire or that terminate upon an employee's ceasing to be employed by us become available again for issuance under the 2005 Plan.

Employment Agreements

Thomas Moore. Effective December 15, 2006 agreed to terms with the Company to be embodied in an employment agreement whereby he was named CEO and Chairman. He may also nominate one additional Board Member of his

choice subject to the By-Laws. Mr. Moore will receive a salary of \$250,000 annually to increase to \$350,000 subject to a financial raise of \$4,000,000. He will receive a grant of 750,000 shares upon the successful raise of \$4,000,000. He will receive an additional grant of 750,000 shares upon the raise of an additional \$6,000,000. He will also receive a grant of 2,400,000 options at the price of \$0.143 per share as of December 15, 2006 to vest monthly over 2 years. If he doesn't raise at least \$4,000,000 by June 2007 he will tender his resignation and return all options and receive no severance. Moore is eligible to receive an additional grant of 1,500,000 shares if the company stock is \$0.40 per share or higher over 40 consecutive days. He will receive a health care plan at no cost to him. In the event of a change of control and his termination by the company he will receive one year severance at the existent level. Mr. Moore will personally contribute a minimum of up to \$250,000 in 2007.

In the event of termination of Mr. Moore's employment by the Company following a \$4 million raise, Moore will also receive a severance payment equal to one year of salary at his then compensation level.

Vafa Shahabi, Ph.D. Dr. Shahabi has been Head of Director of Science effective March 1, 2005, terminable on 30 days. Her duties are to work on and/or manage research and development projects as specified by the Company. The compensation is \$115,000 per annum with a potential bonus of \$20,000. In addition, Dr. Shahabi was granted 150,000 options per her employment agreement, 100,000 in July 2006 and 150,000 in September. In July 1, 2006 his salary increased by \$20,000 annually payable in stock to issued every July 1st and January 1st.

Dr. John Rothman. The Company entered into an employment agreement with Dr. Rothman, Ph.D to become Vice President of Clinical Development effective March 7, 2005 for a term of one year ending February 28, 2006 and terminable thereafter 30 days notice. His compensation is \$170,000 per annum, to increase to \$180,000 upon the closing of a \$15 million equity financing. Upon meeting incentives to be set by the Company, he will receive a bonus of up to \$45,000. In fiscal year 2006 he was paid a bonus of \$10,000 in cash plus \$14,800 in company stock. Effective January 1, 2006 his salary increased by \$30,000 annually payable in stock to issued every July 1st and January 1st (limited to conversion at \$0.20 share as minimum). In addition, Dr. Rothman was granted 360,000 stock options per his employment agreement and was granted 150,000 options in March 2006.

Fred Cobb. The Company entered into an employment agreement with Fred Cobb to become Vice President of Finance effective February 20, 2006 terminable on 30 days notice. His compensation is \$140,000 per annum. Upon meeting incentives to be set by the Company, he will receive a bonus of up to \$28,000. In July 1, 2006 his salary increased by \$20,000 annually payable in stock to issued every July 1st and January 1st. In addition, Mr. Cobb was granted 150,000 stock options per his employment agreement and was granted 150,000 options in March 2006.

Roni Appel. Mr. Appel served as our Chief Executive Officer and Chief Financial Officer (until September 7, 2006) pursuant to the terms of the Consulting Agreement between us and LVEP Management LLC described under "Item 12 Certain Relationships and Related Party Transactions."

J. Todd Derbin. Pursuant to his agreement dated December 31, 2005 to resign as our President and Chief Executive Officer, Mr. Derbin served following his resignation on December 31, 2005 as a consultant to the Company for a fee of \$6,250. per month for 6 months ending June 30, 2006. Mr. Derbin continued to serve as Chairman and a member of the Board of directors of the Company until his resignation on September 7, 2006.

Item 11: Security Ownership of Certain Beneficial Owners and Management and Stockholders Matters

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership, as of October 31, 2006 of,

- each person who is known by us to be the owner of record or beneficial owner of more than 5% of our outstanding Common Stock and each person who owns less than 5% but is significant nonetheless;
- each of our directors;
- our chief executive officer and each of our executive officers; and
- all of our directors and executive officers as a group.

As used in the table below and elsewhere in this the term *beneficial ownership* with respect to a security consists of sole or shared voting power, including the power to or direct the vote and/or sole or shared investment power, including the power to dispose or direct the vote disposition, with respect to the security through any contract,

arrangement, understanding, relationship, or otherwise, including a right to acquire such power(s) during the next 60 days following October 31, 2006 (the "60 Day Period"). Except as otherwise indicated, the stockholders listed in the table have sole voting and investment powers with respect to the shares indicated.

Except as otherwise noted below, the address of each of the persons in the table in Technology Center of NJ, 675 Route One, Suite B113, North Brunswick, NJ 08902.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares of Registrant Common Stock Beneficially Owned as of October 31, 2006</u>	<u>Percentage of Class Beneficially Owned</u>
J. Todd Derbin(1)	2,195,033 (3)	5.2%
Roni Appel(1)(2)	6,355,378 (4)	14.6%
Richard Berman(1)	476,000 (5)	1.2%
Dr. James Patton(1)	2,893,829 (6)	7.2%
Dr. Thomas McKearn(1)	524,876 (7)	1.3%
Martin R. Wade III(1)	150,000 (8)	0.4%
Dr. John Rothman(2)	724,732 (9)	1.8%
Fredrick Cobb(2)	349,641 (10)	0.9%
Estate of Scott Flamm(1)	2,838,664 (11)	7.0%
The Trustees of the University of Pennsylvania Center for Technology Transfer, University of Pennsylvania 3160 Chestnut Street, Suite 200 Philadelphia, PA 19104-6283	6,339,282	15.8%
Nathan Low c/o Sunrise Securities Corp. 641 Lexington Ave-25fl New York, NY 10022	2,728,526 (12)	6.8%
Amnon Mandelbaum c/o Sunrise Securities Corp. 641 Lexington Ave-25fl New York, NY 10022	2,315,018 (13)	5.8%
Emigrant Capital Corp. 6 East 43 Street, 8th Fl. New York, NY 10017	2,011,950 (14)	5.0%
Harvest Advaxis LLC 30052 Aventura, Suite C Rancho Santa Margarita, CA 92688	2,011,950 (15)	4.8%
Cornell Capital Partners LP 101 Hudson Street, Suite 3700 Jersey City, New Jersey 07302	2,011,950 (16)	4.8%
All Directors and Officers as a Group (9 people)	16,508,153(17)	41.0%

* Based on 40,238,992 shares of common stock outstanding as of October 31, 2006.

(1)

Director, except for Mr. Derbin who served as a Director until his resignation on September 6, 2006 and Mr. Flamm served as a Director until his death in January 2006

- (2) Officer, Mr. Appel ceased to be an officer on December 15, 2006
- (3) Reflects 469,982 shares, and 1,356,236 options and 368,815 warrants to purchase shares. Mr. Derbin resigned from the board effective September 6, 2006 and his unexercised options expired January 1, 2007.
- (4) Represents 2,976,288 shares, and 2,379,090 options owned by Mr. Appel but does not reflect 486,470 warrants because such warrants are not exercisable within 60 days due to the ownership in 4.99% restriction under the current circumstances, exercisable within the 60 Day Period. Per the Third Amended LVEP Consulting agreement dated December 15, 2006 Mr. Appel was authorized to be issued 1,000,000 shares and all his previously granted options unvested became fully vested and exercisable for the remainder of their term.

- (5) Reflects 52,000 shares issued, 24,000 shares earned and 400,000 options.
- (6) Reflects 2,820,576 shares, and 73,253 options but does not reflect 184,267 warrants because such warrants under the current circumstances due to the ownership in 4.99% restriction, are not exercisable within 60 days.
- (7) Reflects 179,290 shares, 232,763 options and 112,823 warrants.
- (8) Reflects options
- (9) Reflects 80,000 shares issued, 134,732 shares earned and 510,000 options
- (10) Reflects 49,641 shares earned and 300,000 options
- (11) Reflects 125,772 shares and 91,567 options and owned by the estate and 2,621,325 shares beneficially owned by Flamm Family Partners LP, of which the estate is a partner but does not reflect 202,097 warrants because such warrants under the current circumstances due to the ownership in 4.99% restriction, are not exercisable within the 60 Day Period. It also excludes 98,664 shares owned by a family member.
- (12) Reflects 1,124,253 shares owned by Mr. Low, 1,220,998 shares and held by SEP, but does not include 761,971 warrants held by Mr. Low and 1,742,160 warrants held by SEP because such warrants are not, under current circumstances, exercisable within the 60 Day Period due to the ownership in 4.99% restriction. Mr. Low is a manager of LC, the general partner of SEP, and as such, is deemed to have beneficial ownership of the securities held by SEP. However, Mr. Low disclaims beneficial interest in such shares except to the extent of his pecuniary interest therein. Also includes 383,275 shares held by Sunrise Securities Corp., of which Mr. Low is sole stockholder and director, but does not include 636,370 warrants owned by Mr. Mandelbaum and 348,432 warrants held by Sunrise Securities Corp., because such warrants are not, under current circumstances, exercisable within the 60 Day Period due to the ownership in 4.99% restriction. Mr. Low's beneficial ownership does not also include 71,497 shares held by Sunrise Foundation Trust, a charitable trust of which Mr. Low is a trustee. Mr. Low disclaims beneficial ownership of shares held by Sunrise Foundation Trust.
- (13) Reflects 1,094,020 shares owned by Mr. Mandelbaum and 1,220,998 shares held by SEP, but does not include 1,742,160 warrants held by SEP or 636,370 warrants held by Mr. Mendelbaum because such warrants are not, under the current circumstances, exercisable within the 60 Day Period due to the ownership in 4.99% restriction. Mr. Mandelbaum is a manager of LC, the general partner of SEP, and as such, is deemed to have beneficial ownership of the securities held by SEP. However, Mr. Mandelbaum disclaims beneficial interest in such shares except to the extent of his pecuniary interest therein.
- (14) Reflects 1,777,003 shares and 234,947 warrants, but does not include 1,507,213 warrants because such warrants are not, under current circumstances, exercisable within the 60 Day Period due to the ownership in 4.99% restriction. Mr. Howard Milstein is the Chairman and CEO and Mr. John Hart is the President of Emigrant.
- (15) Reflects 2,011,950 warrants but does not reflect 1,820,803 warrants because such warrants are not currently exercisable within the 60 Day Period due to the ownership in 4.99% restriction. Mr. Robert Harvey is the manager of Harvest Advaxis LLC.
- (16) Reflects 185,874 shares in addition to 1,826,076 warrants but excludes 2,673,924 warrants which Cornell has agreed that it will not exercise its conversion and warrant exercise rights to the extent it would result in Cornell and its affiliates owning in the aggregate more than 4.9% of the outstanding voting shares. But does not include shares issueable upon conversion of convertible debentures along with 4,500,000 warrants of which \$450,000 were converted as of January 19, 2007 converted into 2,825,628 additional shares at an average conversion price

of \$0.159 per share. Therefore if the outstanding balance of \$2,550,000 is converted into shares at the average conversion price of \$0.159 per share it could be converted into 16,037,736 shares. If the market price decreases or increases the actual number of shares converted can change materially from the actual average price above.

- (17) Includes an aggregate of 7,182,920 options, warrants and earned but not issued shares.

Item 12: Certain Relationships and Related Transactions

Our policy is to enter into transactions with related parties on terms that, on the whole, are no more favorable, or no less favorable, than those available from unaffiliated third parties. Based on our experience in the business sectors in which we operate and the terms of our transactions with unaffiliated third parties, we believe that all of the transactions described below met this policy standard at the time they occurred.

The Company entered into a consulting agreement with LVEP Management LLC (LVEP) dated as of January 19, 2005, and amended on April 15, 2005, and October 31, 2005, pursuant to which Mr. Roni Appel served as Chief Executive Officer, Chief Financial Officer and Secretary of the Company and was compensated by consulting fees paid to LVEP. LVEP is owned by the estate of Scott Flamm (deceased January 2006) previously, one of our directors and a principal shareholder. Pursuant to an amendment dated December 15, 2006 ("effective date") Mr. Appel resigned as President and Chief Executive Officer and Secretary of the Company on the effective date, but remains as a board member and consultant to the company. The term of the agreement as amended is 24 months from effective date. Mr. Appel will devote 50% of his time over the first 12 months of the consulting period. Also as a consultant, he will be paid at a rate of \$22,500 per month in addition to benefits as provided to other company officers. He will receive severance payments over an additional 12 months at a rate of \$10,416.67 per month and shall be reimbursed for family health care. All his stock options vested fully on the effective date and are exercisable over the option contract life. Also, Mr. Appel was issued 1,000,000 shares of our common stock. He will receive a \$250,000 bonus \$100,000 paid on January 2, 2007 and the remainder to be paid on June 1, 2007.

J. Todd Derbin has served as Chairman and a director since January 1, 2006. Prior thereto he served as President and Chief Executive Officer from December 20, 2004 to January 1, 2006. On October 31, 2005 we entered into a Termination of Employment Agreement effective December 31, 2005 pursuant to which Mr. Derbin's employment by the Company ended on December 31, 2005. Pursuant to such agreement Mr. Derbin's salary was paid until the end of 2005 at the rate of \$225,000 plus a bonus for 2005 equal to \$5,000 in shares of Common Stock of the Company priced at \$0.287 per share. Following his resignation Mr. Derbin served as a consultant to the Company for a fee of \$6,250 per month for 6 months ending June 30, 2006. Mr. Derbin ceased serving as Chairman and Member of the Board of Directors on September 1, 2006.

Sentinel Consulting, Inc.

Sentinel Consulting Inc. is owned by Robert Harvey, an observer to our Board and the manager of Harvest Advaxis LLC, one of our principal stockholders. Sentinel provided financial consulting, scientific validation and business strategy advice to us. The term of the agreement was for six months commencing as of September 5, 2004 with each party having the right to terminate it after four months under the agreement. The agreement was terminated in August, 2005. We have paid Sentinel \$33,000 for services performed and we have the obligation to issue to them a warrant to purchase 191,638 shares of our common stock at an exercise price of an \$0.40 per share, plus 287,451 shares of our common stock, a retainer of \$5,000, a video preparation fee of \$10,000 and expenses of \$6,000 in connection with the preparation of a scientific review.

Item 13: Exhibits

List of Exhibits

See Index of Exhibits below. The Exhibits are filed with or incorporated by reference in this report.

EXHIBIT NUMBER

DESCRIPTION OF EXHIBIT

- | | |
|-------------|--|
| Exhibit 3.2 | Bylaws. Incorporated by reference to Exhibit 10.4 to Report on Form 10QSB filed with the SEC on September 13, 2006. |
| Exhibit 3.3 | Amended and restated Certificate of Incorporation of Advaxis. Incorporated by reference to Exhibit Annex C to report on Schedule DEF 14A Proxy Statement filed with the SEC on May 15, 2006. |
| Exhibit 4.1 | Form of common stock certificate incorporated by reference to Exhibit 4.1 filed with the SEC on March 9, 2006 to the Registration Statement on Form SB-2 (File No. 333-132298) |
| Exhibit 4.2 | Form of Secured Convertible Debenture issued in February 2006 to Cornell Capital Partners, LP. Incorporated by reference to Exhibit 10.2 to Report on Form 8K filed with the SEC on February 8, 2006. |
| Exhibit 4.3 | Form of Warrant issued in February 2006 to Cornell Capital Partners, LP to purchase 4,200,000 shares of common stock. Incorporated by reference to Exhibit 10.3 to Report on Form 8K filed with the SEC on February 8, 2006. |
| Exhibit 4.4 | Form of Warrant issued in February 2006 to Cornell Capital Partners, LP to purchase 300,000 shares of common stock. Incorporated by reference to Exhibit 10.4 to Report on Form 8K filed with the SEC on February 8, 2006. |

- Exhibit 4.5 Form of Warrant issued to purchasers in the Private Placement. Incorporated by reference to Exhibit 4.1 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 4.6 Form of Warrant issued to November 2004 Private Placement Agent. Incorporated by reference to Exhibit 4.2 to Report on Form 8K filed with the SEC on November 18, 2004.

- Exhibit 10.1 Share and Exchange Agreement, dated as of August 25, 2004, by and among the Company, Advaxis and the shareholders of Advaxis. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.2 Securities Purchase Agreement dated February 2, 2006 between Company and Cornell Capital Partners, LP. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on February 8, 2006.
- Exhibit 10.3 Security Agreement dated February 2, 2006 between Company and Cornell Capital Partners, LP. Incorporated by reference to Exhibit 10.6 to Report on Form 8K filed with the SEC on February 8, 2006.
- Exhibit 10.4 Security Agreement dated February 2, 2006 between Advaxis, Inc., a Delaware corporation (subsidiary of the Company) and Cornell Capital Partners, LP. Incorporated by reference to Exhibit 10.7 to Report on Form 8K filed with the SEC on February 8, 2006.
- Exhibit 10.5 Investor Registration Rights Agreement dated February 2, 2006 between Company and Cornell Capital Partners, LP. Incorporated by reference to Exhibit 10.5 to Report on Form 8K filed with the SEC on February 8, 2006.
- Exhibit 10.6 Form of Securities Purchase Agreement related to the November 2004 Private Placement, by and among the Company and the purchasers listed as signatories thereto. Incorporated by reference to Exhibit 10.2 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.7 Form of Registration Rights Agreement related to the November 2004 Private Placement, by and among the Company and the persons listed as signatories thereto. Incorporated by reference to Exhibit 10.3 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.8 Form of Standstill Agreement, by and among the Company and persons listed on Schedule 1 attached thereto. Incorporated by reference to Exhibit 10.4 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.9 Amended and Restated Employment Agreement, dated December 20, 2004, by and between the Company and J.Todd Derbin. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on December 23, 2004.
- Exhibit 10.10 2004 Stock Option Plan of the Company. Incorporated by reference to Exhibit 4.1 to Report on Form S-8 filed with the SEC on December 1, 2005.
- Exhibit 10.11**(1) License Agreement, between University of Pennsylvania and the Company dated as of June 17, 2002, as Amended and Restated on February 13, 2007.
- Exhibit 10.12 Non-Exclusive License and Bailment, dated as of March 17, 2004, between The Regents of the University of California and Advaxis, Inc. Incorporated by reference to Exhibit 10.8 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).

- Exhibit
10.13 Consultancy Agreement, dated as of January 19, 2005, by and between LVEP Management, LLC. and the Company. Incorporated by reference to Exhibit 10.9 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit
10.14 Government Funding Agreement, dated as of April 5, 2004, by and between David Carpi and Advaxis, Inc. Incorporated by reference to Exhibit 10.10 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).

- Exhibit 10.15 Amended and Restated Consulting and Placement Agreement, dated as of May 28, 2003, by and between David Carpi and Advaxis, Inc., as amended. Incorporated by reference to Exhibit 10.11 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.16 Consultancy Agreement, dated as of January 22, 2005, by and between Dr. Yvonne Paterson and Advaxis, Inc. Incorporated by reference to Exhibit 10.12 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.17 Consultancy Agreement, dated as of March 15, 2003, by and between Dr. Joy A. Cavagnaro and Advaxis, Inc. Incorporated by reference to Exhibit 10.13 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.18 Grant Writing Agreement, dated June 19, 2003, by and between DNA Bridges, Inc. and Advaxis, Inc. Incorporated by reference to Exhibit 10.14 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.19 Consulting Agreement, dated as of July 2, 2004, by and between Sentinel Consulting Corporation and Advaxis, Inc. Incorporated by reference to Exhibit 10.15 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.20 Agreement, dated July 7, 2003, by and between Cobra Biomanufacturing PLC and Advaxis, Inc. Incorporated by reference to Exhibit 10.16 to the amendment filed on June 9, 2005 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.21 Securities Purchase Agreement, dated as of January 12, 2005, by and between the Company and Harvest Advaxis LLC. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on January 18, 2005.
- Exhibit 10.22 Registration Rights Agreement, dated as of January 12, 2005, by and between the Company and Harvest Advaxis LLC. Incorporated by reference to Exhibit 10.2 to Report on Form 8K filed with the SEC on January 18, 2005.
- Exhibit 10.23 Letter Agreement, dated as of January 12, 2005 by and between the Company and Robert T. Harvey. Incorporated by reference to Exhibit 10.3 to Report on Form 8K filed with the SEC on January 18, 2005.
- Exhibit 10.24 Consultancy Agreement, dated as of January 15, 2005, by and between Dr. David Filer and the Company. Incorporated by reference to Exhibit 10.20 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.25 Consultancy Agreement, dated as of January 15, 2005, by and between Pharm-Olam International Ltd. and the Company. Incorporated by reference to Exhibit 10.21 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).

- Exhibit 10.26 Agreement, dated February 1, 2004, by and between Strategic Growth International Inc. and the Company. Incorporated by reference to Exhibit 10.22 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.27 Letter Agreement, dated February 10, 2005, by and between Richard Berman and the Company. Incorporated by reference to Exhibit 10.23 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.28 Employment Agreement, dated February 8, 2005, by and between Vafa Shahabit and the Company. Incorporated by reference to Exhibit 10.24 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
- Exhibit 10.29 Employment Agreement, dated March 1, 2005, by and between John Rothman and the Company. Incorporated by reference to Exhibit 10.25 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).

Exhibit 10.30	Clinical Research Services Agreement, dated April 6, 2005, between Pharm-Olam International Ltd. and the Company. Incorporated by reference to Exhibit 10.26 to the amendment filed on June 9, 2005 to Registration Statement on Form SB-2 (File No. 333-122504).
Exhibit 10.30(a)	Amendment to Consultancy Agreement, dated as of April 4, 2005, between LVEP Management LLC and the Company. Incorporated by reference to Exhibit 10.27 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
Exhibit 10.30(b)	Second Amendment dated October, 31, 2005 to Consultancy Agreement between LVEP Management LLC and the Company. Incorporated by reference to Exhibit 10.2 to Report on Form 8K filed with the SEC on November 9, 2005.
Exhibit 10.31	Royalty Agreement, dated as of May 11, 2003, by and between Cobra Bio-Manufacturing PLC and the Company. Incorporated by reference to Exhibit 10.28 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
Exhibit 10.32	Letter Agreement between the Company and Investors Relations Group Inc., dated September 27, 2005. Incorporated by reference to Exhibit 10.31 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
Exhibit 10.33	Consultancy Agreement between the Company and Freemind Group LLC, dated October 17, 2005. Incorporated by reference to Exhibit 10.32 to Post-Effective Amendment filed on January 5, 2006 to Registration Statement on Form SB-2 (File No. 333-122504).
Exhibit 10.34	Strategic Collaboration and Long Term Vaccine Supply Agreement between the Company and Colera BioManufacturing PLC, dated October 31, 2005. Incorporated by reference to Exhibit 10.33 to Post-Effective Amendment No. 2 to Registration Statement on Form SB-2 (File No. 333-122504).*
Exhibit 10.35	Employment Agreement dated February 9, 2006 between the Company and Frederick D. Cobb. Filed on March 9, 2006 with the initial filing of the Registration Statement on Form SB-2 (File No. 333-132298)
Exhibit 10.36	Resignation Agreement between J. Todd Derbin and the Company dated October 31, 2005. Incorporated by reference to Exhibit 10.1 report on Form 8-K filed with the SEC on November 9, 2005.
Exhibit 10.37	Third Amendment dated December 15, 2006 to Consultancy between LVEP Management LLC and Company Incorporated by reference to Exhibit 9.01 reported on Form 8-K filed with the SEC December 15, 2006.
Exhibit 10.38	2005 Stock Option Plan of the Company. Incorporated by reference to Exhibit Annex A to report on Schedule DEF 14A Proxy Statement filed with the SEC on May 15, 2006.

Exhibit 10.39 Agreement and Plan of Merger dated March 29, 2006. Incorporated by reference to Exhibit Annex B to report on Schedule DEF 14A Proxy Statement filed with the SEC on May 15, 2006.

81

Exhibit 10.40** Consulting Agreement dated June 1, 2006 by and between The Biologics Consulting, Inc. and the Company.

Exhibit 10.41** Consultancy Agreement Change Order dated December 4, 2006 by and between Pharm-Olam International Ltd. and the Company.

Exhibit 10.42** Agreement dated October 28, 2006 by and between Apothecaries Ltd. and the Company

Exhibit 10.43** Third Lease Amendment Agreement dated October 1, 2006 by and between the New Jersey Economic Development Authority and the Company.

Exhibit 10.44** Sponsored Research Agreement dated November 1, 2006 by and between University of Pennsylvania (Dr. Paterson Principal Investigator) and the Company.

Exhibit 14.1 Code of Ethics. Incorporated by reference to Exhibit 14.1 to Report on Form 8K filed with the SEC on November 18, 2004.

Exhibit 21.1 Advaxis, Inc., a Delaware corporation. Incorporated by reference to Exhibit 21.1 to post-effective amendment no. 1 to Form SB-2 filed with the SEC on January 5, 2006

Exhibit 24.1 Power of Attorney (Included on the signature page)

Exhibit 31.1 Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer (filed herewith).

Exhibit 31.2 Rule 13a-14(a)/15d-14(a) Certification by the Principal Financial Officer (filed herewith).

Exhibit 32.1 Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

Exhibit 32.2 Certification by the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

* Confidential treatment granted

** Filed herewith

(1) Confidential treatment requested

Item 14: Principal Accountant Fees and Services

The following is a summary and description of the fees recorded by the Company to Goldstein Golub Kessler, LLP (GGK) during the twelve month fiscal years ended October 31, 2005 and 2006:

	Fiscal Year 2006	Fiscal year 2005
Audit Fees	\$ 35,000	\$ 29,500
Audit-Related Fees	20,855	61,992
Tax Fees	0	0
All Other Fees	0	0
Total	\$ 55,855	\$ 91,492

Audit Fees: The Company recorded fees of \$35,000 and \$29,500 respectively, for GGK in connection with its audit of the Company's financial statements for the fiscal years ended October 31, 2006 and 2005 and its review of the Company's interim financial statements included in the Company's Quarterly Reports on Form 10-Q for the periods ended January 31, April 30, and July 31.

Audit-Related Fees: The Company recorded fees of \$20,855 and \$61,992 respectively, to GGK to perform audit-related services for the fiscal years ended October 31, 2006 and 2005, primarily for review of comments to the Securities and Exchange Commission in its review of securities registration documents and the Company's replies and for assistance with private placement memorandums and other document reviews.

Tax Fees: Preparation of the corporate tax returns were not performed by GGK.

Other fees: No fees were classified outside the recorded Audit and Audit Related fees.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, in North Brunswick, Middlesex County, State of New Jersey, on the 13th day of February, 2007.

ADVAXIS, INC.

By: /s/ Thomas Moore

Thomas Moore, Chief Executive Officer and Chairman of the Board

POWER OF ATTORNEY

If not filed herewith, filed as an exhibit to the document referred to by letters as follows:

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas Moore as his true and lawful attorney-in-fact and agent, with full power of substitution for him in any and all capacities (1), to sign any and all amendments to this report on Form 10-KSB and (2) to file the same with the Securities and Exchange Commission pursuant to Rule 462(b) under the Securities Exchange Act of 1934, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent all power and authority to do and to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and affirming all that said attorney-in-fact and agent, or his substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
<u>/s/ Thomas Moore</u> Thomas Moore	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	February 13, 2007
<u>/s/ Fredrick Cobb</u> Fredrick Cobb	Vice President, Finance (Principal Financial and Accounting Officer)	February 13, 2007
<u>/s/ Roni Appel</u> Roni Appel	Director Director	February 13, 2007

/s/ Thomas McKearn

Thomas McKearn

February 13,
2007

/s/ James Patton

James Patton

Director

February 13,
2007

/s/ Richard Berman

Richard Berman

Director

February 13,
2007

/s/ Martin Wade

Martin Wade

Director

February 13,
2007