MEDAREX INC
Form 424B5
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Registration No. 333-52696

Prospectus Supplement to Prospectus dated December 22, 2000.

327,103 Shares

Medarex, Inc.

Common Stock

Medarex is offering 327,103 shares of its common stock all of which will be issued directly to Corixa Corporation in exchange for certain assets of Corixa.

The number of shares to be issued and delivered to Corixa will be determined by dividing $1,750,000, an amount representing one-twelfth of $21,000,000, the value of the assets we acquired from Corixa on May 23, 2002, by $5.35, the average of the closing sales prices of our common stock for each of the five trading days commencing on September 13, 2002 and ending on September 19, 2002.

Our common stock is quoted on the Nasdaq National Market under the symbol MEDX. The last reported sale price for the common stock on September 23, 2002 was $4.15 per share.

Investing in our common stock involves certain risks. See Risk Factors beginning on page S-9 of this prospectus supplement to read about important factors you should consider before investing in our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The shares of common stock offered hereby are being issued directly to Corixa on the date hereof. No discounts, commissions, concessions or other compensation has been paid to any underwriter, broker, dealer or agent in connection with the offering.

Prospectus Supplement dated September 25, 2002

FORWARD-LOOKING STATEMENTS

This prospectus supplement includes or incorporates by reference forward-looking statements, including those identified by the words believes, anticipates, expects and similar expressions. Medarex has based these forward-looking statements on its current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions, including among other things:

- uncertainties relating to the technological approach;
- history of operating losses and anticipation of future losses;
- uncertainty of product development, need for additional capital and uncertainty of change;
- uncertainty of patent and propriety rights;
- management of growth, and risks of acquiring new technologies;
- uncertainties related to clinical trials;
- government regulation and uncertainty of obtaining regulatory approval;
- dependence on key personnel;
- dependence on research collaborators and scientific advisors;
- uncertainty of health care reform measures; and
- third-party reimbursement and risk of product liability.

Medarex undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in the prospectus supplement, the accompanying prospectus and in the incorporated documents might not occur.

In this prospectus, the terms Medarex, the Company, we, us, and our refer to Medarex, Inc. and our wholly-owned subsidiaries. You should only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Medarex has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Medarex is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of the date on the front cover of each such prospectus only. The business, financial condition, results of operations and prospects of Medarex may have changed since such dates.

THE COMPANY

We are a biopharmaceutical company focused on the discovery and development of human antibody-based therapeutic products. Our UltiMAb Human Antibody Development System[SM] enables us to rapidly create and develop therapeutic products for a wide range of potential diseases, including cancer, inflammation, auto-immune disease and other life-threatening and debilitating diseases.

We believe that antibodies are proven candidates for therapeutic products. To date, the United States Food and Drug Administration, or FDA, has approved eleven antibody-based therapeutic products for sale in the United States. During the past three years, these products generated aggregate worldwide sales in excess of $6 billion, with sales doubling from 1999 to 2001. We intend to participate in this market, and to this end, are developing an expanding pipeline of therapeutic antibody products developed through the use of our proprietary UltiMAb technology. Multiple therapeutic products generated using our technology are in various stages of human clinical trials, including several of which we are developing using our own resources and others where we have licensed our technology to our partners for their use in the development of their products. We and our partners also have a number of product candidates in preclinical development.

As of September 15, 2002, 42 pharmaceutical and biotechnology companies have partnered with us to jointly develop and commercialize products or have otherwise acquired rights to use our proprietary technology in their development of new therapeutic products. These companies include industry leaders such as Amgen, Inc., Centocor, Inc. (a subsidiary of Johnson & Johnson), Eli Lilly & Company, Human Genome Sciences, Inc., Immunex Corporation, Novartis Pharma AG, Novo Nordisk A/S and Schering AG. Some of these are licensing partnerships, providing us with licensing fees, milestone payments and royalty payments; others are collaborative partnerships that provide for the sharing of product development costs, revenues, expenses and profits.

In addition to our UltiMAb Human Antibody Development System, we have considerable experience in preclinical and clinical development as well as in manufacturing antibodies for clinical trials. Our existing manufacturing facility in Annandale, New Jersey currently has the capacity to produce up to approximately 10 kilograms of monoclonal antibodies per year for clinical development purposes. We are implementing a strategy that contemplates increased developmental capacity, together with potential outside contract manufacturing for large-scale clinical production. We have assembled a team of experienced scientific, production, clinical and regulatory personnel to facilitate the discovery, development and commercialization of antibody-based products for us and for our partners. We intend to add sales and marketing and additional manufacturing capabilities as needed.

Our goal is to be a leader in the discovery and development of human antibody-based therapeutics for the treatment of cancer and other life-threatening and debilitating diseases. To this end, we have implemented a business strategy involving the expansion and diversification of our product pipeline and partnerships and an increase in our resources to develop, manufacture and commercialize products. We intend to capitalize on the value of our own human antibody products by developing them through late stage clinical trials and/or regulatory approval. We believe this will allow us to retain substantial commercial rights or profit sharing opportunities with regard to these products. In addition, we are enhancing and expanding our partnerships, which provides us the opportunity to participate in the development of substantially more product candidates than we could develop using only our own resources. We believe our business strategy will allow us to capitalize on our broad range of product development capabilities thereby maximizing the value of our business.

RECENT DEVELOPMENTS

On May 23, 2002, we and our subsidiary, Medarex Belgium, S.A., entered into an Asset Purchase Agreement with Corixa, Coulter Pharmaceutical, Inc. a wholly owned subsidiary of Corixa and Corixa Belgium S.A., a subsidiary of Corixa. Corixa, Coulter Pharmaceutical and Corixa Belgium are hereinafter collectively referred to as Corixa. Under the terms of the Asset Purchase Agreement, we acquired certain selected assets and related business operations of Corixa, including certain preclinical product candidates and programs related to the research and development of therapeutic products for the treatment of autoimmune diseases, cancer and infectious diseases. As part of this transaction, we also acquired all intellectual property, know-how, data, contracts, equipment and materials owned or licensed by Corixa related to such product candidates and programs, as well as all research and development activities, regulatory approval processes and permits, manufacturing, marketing and distribution activities, and the conduct of clinical trials with respect thereto. In addition, we agreed to sublease approximately 30,000 square feet of laboratory and office space at Corixa¦s South San Francisco, California facility. We also assumed certain additional liabilities and agreed to retain approximately 30 Corixa employees related to such product candidates and programs.

We acquired the assets for an aggregate purchase price consisting of (1) six equal monthly installments of $3,500,000, payable in cash, or at our election, in shares of our common stock (immediately prior to the date hereof we have issued 1,727,132 fully registered shares of our common stock as payment of the first four installments of the purchase price), and (2) $2.5 million in cash for certain equipment and laboratory supplies. We also reimbursed Corixa for certain expenses it incurred in connection with the transferred business operations. If we decide to make a monthly installment payment in shares of our common stock, the number of shares of common stock subject to issuance each month in connection with each installment payment will be determined by dividing (x) $3,500,000 (less any cash paid in connection with the installment) by (y) the average of the closing sales prices of our common stock for each of the trading days during the five-trading-day period ending two trading days prior to the applicable date of issuance as publicly reported on Nasdaq. In the event that, during any month during the six-month period following the closing of the transaction, Corixa sells all of the shares of our common stock delivered as payment for the preceding monthly installment and the proceeds of such sale are less than $3,500,000 (less any cash paid in connection with the installment), we must pay the difference to Corixa in cash. If such sale proceeds are greater than $3,500,000 (less any cash paid in connection with the installment), Corixa must pay us an amount equal to 50% of any such excess in cash. In the event that, during any month during the six-month period, Corixa does not sell all of the shares of our common stock delivered as payment of the preceding monthly installment, then there will be no such adjustments. In addition, Corixa may receive up to an additional $6 million in additional consideration in cash or, at our election, in shares of common stock, based upon certain contingencies. If we are required to make any contingent payment to Corixa and we decide to make such payment in shares of our common stock, then the number of shares subject to issuance in connection with the contingent payment will be determined by dividing the applicable contingent amount by the average of the closing sales prices of our common stock for each of the trading days during the five trading day period ending two trading days prior to the applicable date of issuance of such shares as reported on Nasdaq.

All shares of our common stock issued as payment of the purchase price will be fully registered and freely tradable, provided, however, that Corixa has agreed that it will not sell more than 50% of the total number of shares constituting a monthly installment payment in any five-trading-day period.

As contemplated by a December 1999 binding letter of intent, effective September 4, 2002, we entered into a Collaboration and License Agreement with Kirin Brewery Co., Ltd., which provides for the exchange by Kirin and the Company of certain cross-licenses for each other s technology for the development and commercialization of human antibody products. The License Agreement is subject to regulatory approval and supercedes the binding letter of intent. Pursuant to the letter of intent, we and Kirin developed the KM-Mouse, a unique crossbred mouse which combines the traits of our HuMAb-Mouse® with Kirin s TC Mouse. Under the License Agreement, we and Kirin are exchanging cross-licenses with respect to the KM-Mouse and other antibody-generating mice. In addition, each of the cross-licenses granted under the License Agreement are subject to certain license, milestone and royalty payments by each party to the other.

THE OFFERING

Common Stock Offered	327,103
Common Stock to be outstanding after the offering	75,349,640
Use of Proceeds	We will not receive any cash proceeds from the issuance of the shares of our common stock pursuant to this offering. We have received certain assets from Corixa, including intellectual property, know-how, data, contracts and materials owned or licensed by Corixa related to certain product candidates and programs.
Nasdaq National Market Symbol	MEDX

Unless otherwise stated herein, all information contained in this prospectus supplement relating to the number of outstanding shares of our common stock excludes:

- 10,078,903 shares of common stock issuable upon exercise of outstanding options having a weighted average exercise price of $13.59 per share;
- 1,926,028 shares of common stock reserved for issuance under our existing stock option plans;
- 500,000 shares of common stock reserved for issuance under our new 2002 Employee Stock Purchase Plan;
- 6,067,961 shares of common stock reserved for issuance upon conversion of $175,000,000 aggregate principal amount of our 4.50% Convertible Subordinated Notes due 2006; and
- 870,861 shares of common stock held in treasury.

In addition, the information contained in this prospectus supplement does not include shares of our common stock which we may be required to issue pursuant to certain contractual obligations and shares we may issue under a shelf registration statement on Form S-3 which we have filed under the Securities Act relating to the sale of up to $309.25 million of our securities, all as more fully described herein under the section entitled Risk Factors.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth selected consolidated financial information for the periods indicated. The selected consolidated financial information for each of the years in the five-year period ended December 31, 2001 and at December 31 of each of those years has been derived from our audited consolidated financial statements. The financial information set forth below for the six months ended June 30, 2001 and 2002 has been derived from unaudited consolidated financial information, which we believe presents fairly such consolidated information in conformity with generally accepted accounting principles. You should read the selected consolidated financial information in conjunction with our consolidated financial statements and the notes thereto and the other financial information incorporated by reference herein.

	For the Year Ended December 31,					For the Six Months Ended June 30,	
	1997	1998	1999	2000	2001	2001	2002
		(in thousands, except share and per share data)		(Restated)		(unaudited)	(unaudited)
Statement of Operations Data:							
Revenues:							
Sales	$ 221	$ 1,349	$ 1,079	$ 264	$ 191	$ 256	$ 176
Contract and license revenues	3,011	5,443	8,593	19,619	37,140	15,627	14,380
Sales, contract and license revenues from Genmab			252	2,574	4,973	1,250	4,299
Total revenues	3,232	6,792	9,924	22,457	42,304	17,133	18,855
Costs and expenses:							
Cost of sales	150	1,218	709	1,189	642	134	1,806
Research and development	14,100	23,122	19,929	33,942	38,626	12,556	35,615
General and administrative	3,644	5,065	8,036	18,142	19,344	7,111	11,196
Stock bonus to GenPharm employees	2,275						
Write-off of facility costs							11,266
Acquisition of in-process technology	40,316						16,312
Total costs and expenses	60,485	29,405	28,674	53,273	58,612	19,801	76,195
Operating loss	(57,254)	(22,613)	(18,750)	(30,816)	(16,308)	(2,668)	(57,340)
Equity in net loss of affiliate				(353)	(7,334)	(1,759)	(7,265)
Interest and investment income	1,903	1,956	1,205	21,158	24,728	12,462	9,416
Impairment loss on investments							(4,091)
Interest expense	(27)	(1,539)	(8)	(3)	(4,615)	(127)	(4,527)
Gain on disposition of Genmab stock					1,442		
Income (loss) before provision (benefit) for income taxes	(55,377)	(22,196)	(17,553)	(10,014)	(2,087)	7,908	(63,807)
Provision (benefit) for income taxes		341	(522)	(13,075)	600	300	
Net income (loss)	$ (55,377)	$ (22,537)	$ (17,031)	$ 3,061	$ (2,687)	7,608	(63,807)
Basic net income (loss) per share (1)	$ (1.47)	$ (0.44)	$ (0.27)	$ 0.04	$ (0.04)	$ 0.10	($ 0.86)
Diluted net income (loss) per share (1)	$ (1.47)	$ (0.44)	$ (0.27)	$ 0.04	$ (0.04)	$ 0.10	($ 0.86)