

Leidos Holdings, Inc.
Form DEF 14A
March 29, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Leidos Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

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2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:

4. Date Filed:

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LEIDOS **2017**

Notice of Annual Meeting
of Stockholders and
Proxy Statement

Friday, May 12, 2017 at 9:00 a.m., ET

Leidos Holdings, Inc.
700 N. Frederick Avenue
Gaithersburg, Maryland 20879

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Notice of Annual Meeting of Stockholders

Friday, May 12, 2017

Leidos Holdings, Inc.

9:00 a.m., ET

700 N. Frederick Avenue

Gaithersburg, Maryland 20879

Items of Business:

1. To elect twelve directors;
2. To approve, by an advisory vote, executive compensation;
3. To conduct an advisory vote on the frequency of future advisory votes on executive compensation;
4. To approve the Amended and Restated 2006 Employee Stock Purchase Plan;
5. To approve the 2017 Omnibus Incentive Plan;
6. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2017; and
7. To transact such other business as may properly come before the meeting or any adjournments, postponements or continuations of the meeting.

Record Date: March 13, 2017

Audio Webcast: The meeting will also be audio webcast simultaneously to the public through a link on the Investor Relations section of our website at www.leidos.com.

Annual Report: The Leidos 2016 Annual Report on Form 10-K and the Leidos Proxy Statement are available at www.proxyvote.com.

YOUR VOTE IS IMPORTANT!

REVIEW YOUR PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Go to www.proxyvote.com or scan the QR code on your proxy and voting instruction card with a smart phone.

BY TELEPHONE

Call 1-800-690-6903.

BY MAIL

Sign, date and return your proxy card in the enclosed envelope.

IN PERSON

Attend the Annual Meeting in Gaithersburg, MD.

By Order of the Board of Directors

Daniel J. Antal

Corporate Secretary

March 31, 2017

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Summary Information

This summary highlights information contained elsewhere in this proxy statement. It does not contain all information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Time and Date:	9:00 a.m. (ET) on May 12, 2017 Leidos Holdings, Inc.
Place:	700 N. Frederick Avenue Gaithersburg, Maryland 20879
Record Date:	March 13, 2017
Voting:	Stockholders as of the record date are entitled to vote.
Attendance:	All stockholders and their duly appointed proxies may attend the meeting.

Meeting Agenda and Voting Recommendations

Agenda Item	Board Recommendation	Page
Election of twelve directors	FOR EACH NOMINEE	5
Advisory vote on executive compensation	FOR	22
Advisory vote on the frequency of vote on executive compensation	FOR EVERY YEAR	55
Approve the amended and restated 2006 Employee Stock Purchase Plan	FOR	56
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Board Nominees

The following table provides summary information about each director nominee. Each director nominee is elected annually by a majority of votes cast.

Nominee	Age	Director	
		Since	Principal Occupation
Gregory R. Dahlberg	65	2016	Former Senior Vice President, Washington Operations, Lockheed Martin Corporation; 26th Under Secretary of the Army
David G. Fubini	63	2013	Director Emeritus of McKinsey & Company, Inc.; Senior Lecturer, Harvard Business School
Miriam E. John	68	2007	Former Vice President of Sandia National Laboratories; Member, Defense Science Board

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John P. Jumper	72	2007	Former Chief Executive Officer and Chair of the Board; Retired U.S. Airforce General; Former Chief of Staff of the U.S. Air Force and member of the Joint Chiefs of Staff
Harry M.J. Kraemer, Jr.	62	1997	Executive Partner, Madison Dearborn Partners, LLC; Professor, Kellogg School of Management at Northwestern University
Roger A. Krone	60	2014	Chief Executive Officer and Chair of the Board
Gary S. May	52	2015	Dean of the College of Engineering, Georgia Institute of Technology
Surya N. Mohapatra	67	2016	Former Chairman, President and Chief Executive Officer, Quest Diagnostic Incorporated
Lawrence C. Nussdorf	70	2010	Chairman and Chief Executive Officer, Clark Enterprises, Inc.
Robert S. Shapard	61	2013	Chairman and Chief Executive Officer, Oncor Electric Delivery Company LLC
Susan M. Stalnecker	64	2016	Former Vice President, Corporate Productivity and Hospitality, E.I. du Pont de Nemours & Co.
Noel B. Williams	62	2013	Former President of HCA Information Technology & Services, Inc.

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- u Human Resources & Compensation 6
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- u Annual Review of Independence of Board
- u Committee Self Evaluations Required
- u Board Orientation/Education Programs

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- u Director and Executive Stock Ownership Guidelines
- u Annual Equity Grant to Non-Employee Directors

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(available at www.leidos.com)

- u Corporate Governance Guidelines
- u Code of Business Conduct of the Board of Directors
- u Code of Conduct for Employees
- u Charters for Board Committees
- u Chair of the Board Position Description

The Leidos Board of Directors has long recognized the importance of creating and maintaining a strong ethical culture and being a good corporate citizen. We are committed to using our time and resources to support people, enrich communities and protect the environment. Leidos maintains an industry-leading ethics and compliance program with comprehensive policies, procedures, training and communications. Since founding the Employee Ethics Council in 1984, our leadership team has placed a premium on behavior and values and our employees proudly reflect these standards through their work and interactions.

Every year, we review progress and impact in areas important to our growth and sustainability, with an emphasis on strengthening our workforce, hiring veterans, reducing our carbon footprint, enhancing our already strong ethics programs and increasing our outreach in the communities where we live and work. We are focused on:

u **Community:** Our strong nonprofit relationships and philanthropic outreach programs are creating more sustainable communities.

u **Environment:** Our environmental services, coupled with our internal stewardship and GHG emission

reduction efforts, are creating a healthier world.

“ **Ethics and Compliance:** Our strong employee ethical conduct is a cornerstone of our culture and how we operate as a company.

“ **People:** Our development and training programs are creating a strong workforce focused on solving the world's most daunting challenges.

“ **Suppliers and Small Business:** Our thousands of suppliers and small businesses are crucial to our success as well as economic growth and prosperity.

For more information, visit

<https://www.leidos.com/about/corporate-responsibility>

“ Independent Lead Director Position Description

Compensation Philosophy

We seek to closely align the interests of our executives with the interests of our stockholders. Our compensation programs are designed to:

“ pay for performance by tying a substantial majority of an executive's compensation to the achievement of specific performance measures;

“ enable us to recover, or clawback, incentive compensation if there is any material restatement of our financial results or if an executive is involved in misconduct;

“ provide the same types of benefits for executives as other employees, with no special or supplemental pension, health or death benefits for executives;

“ require our executives to own a significant amount of our stock;

“ target total direct compensation at approximately the median among companies with which we compete

“ avoid incentives that encourage unnecessary or excessive risk-taking; and

for executive talent;

^u compete effectively for talented executives who will contribute to our long-term success.

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LEIDOS HOLDINGS, INC.

Proxy Statement

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LEIDOS HOLDINGS, INC.

ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 12, 2017

PROXY STATEMENT

This proxy statement is being furnished to the stockholders of Leidos Holdings, Inc., a Delaware corporation, in connection with the solicitation of proxies by our Board of Directors for use at our annual meeting of stockholders to be held at the company's office at 700 N. Frederick Avenue, Gaithersburg, Maryland 20879, on Friday, May 12, 2017, at 9:00 a.m. ET. and at any and all adjournments, postponements or continuations of the meeting. This proxy statement and the proxy and voting instruction card are first being sent or made available to our stockholders on or about March 31, 2017.

Information About Voting Rights and Solicitation of Proxies

Who is entitled to vote at the annual meeting?

Only stockholders of record of our common stock as of the close of business on our record date of March 13, 2017 are entitled to notice of, and to vote at, the annual meeting. As of March 13, 2017, there were 150,489,840 shares of common stock outstanding.

We have no other class of capital stock outstanding. A list of stockholders entitled to vote at the meeting will be available for inspection at 11951 Freedom Drive, Reston, Virginia for at least 10 days prior to the meeting and will also be available for inspection at the meeting.

Do I need an admission ticket to attend the annual meeting?

Yes. If you attend the meeting, you will be asked to present an admission ticket or proof of ownership and valid photo identification. Your admission ticket is:

- u Attached to your proxy and voting instruction card if you received your proxy materials in the mail;
- u Can be printed from the online voting site; or

- u A letter or a recent account statement showing your ownership of our common stock as of the record date, if you hold shares through a bank or a broker.

What constitutes a quorum?

The presence, either in person or by proxy, of the holders of a majority of the total voting power of the shares of common stock outstanding as of March 13, 2017 is necessary to constitute a quorum and to conduct

business at the annual meeting. Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum.

What is a broker non-vote ?

A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that matter and has not received voting instructions from the

beneficial owner. In tabulating the voting results for a particular proposal, broker non-votes are not considered entitled to vote on that proposal. Broker non-votes will not have an effect on the outcome of any matter being voted on at the meeting, assuming a quorum is present.

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Information About Voting Rights and Solicitation of Proxies

Unless you provide voting instructions to any broker holding shares on your behalf, your broker may not use discretionary authority to vote your shares on any of the matters to be considered at the annual meeting other

than the ratification of our independent registered public accounting firm. Please vote your proxy or provide voting instructions to your broker so your vote can be counted.

How many votes am I entitled to?

Each holder of common stock will be entitled to one vote per share, in person or by proxy, for each share of stock held in such stockholder's name as of March 13, 2017,

on any matter submitted to a vote of stockholders at the annual meeting unless a stockholder elects to cumulate votes for the election of directors as described below.

Is cumulative voting permitted for the election of directors?

In the election of directors, you may cumulate your vote. This means that you may allocate among the director nominees, as you see fit, the total number of votes equal to the director positions to be filled multiplied by the number of shares you hold. You may not cumulate your votes against a nominee and cumulative voting applies only to the election of directors.

If you are a stockholder of record and choose to cumulate your votes, you will need to notify our

Corporate Secretary in writing prior to the Annual Meeting or, if you vote in person at the annual meeting, notify the chair of the meeting prior to the commencement of voting at the annual meeting. You may not submit your proxy or voting instructions over the Internet or by telephone if you wish to distribute your votes unevenly among two or more nominees. If you hold shares beneficially through a broker, trustee or other nominee and wish to cumulate votes, you should contact your broker, trustee or nominee.

How do I vote my shares?

Shares of common stock represented by a properly executed and timely proxy will, unless it has previously been revoked, be voted in accordance with its instructions. In the absence of specific instructions, the shares represented by a properly executed and timely proxy will be voted in accordance with the Board's recommendations as follows:

- u FOR all of the company's nominees to the Board;
- u FOR the approval, on a non-binding, advisory basis, of the compensation of our named executive officers;
- u FOR the approval of an annual advisory vote on executive compensation;
- u FOR the approval of the Amended and Restated 2006 Employee Stock Purchase Plan;
- u FOR the approval of the 2017 Omnibus Incentive Plan; and
- u FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2017.

No other business is expected to come before the annual meeting; however, should any other matter properly come before the annual meeting, the proxy holders

intend to vote such shares in accordance with their best judgment on such matter.

There are four different ways to vote your shares:

By Internet: Go to www.proxyvote.com or scan the QR code on your proxy and voting instruction card with a smart phone.

By Telephone: Call 1-800-690-6903.

By Mail: If you received your proxy materials via the U.S. mail, you may complete, sign and return the accompanying proxy and voting instruction card in the postage-paid envelope provided.

In Person: Attend the meeting at the company's office at 700 N. Frederick Avenue, Gaithersburg, Maryland 20879, and vote in person if you are a stockholder of record or if you have obtained a valid proxy from the stockholder of record.

Submitting a proxy will not prevent you from attending the annual meeting and voting in person. Any proxy may be revoked at any time prior to exercise by delivering a written revocation or a new proxy bearing a later date to our mailing agent, Broadridge, as described below or by attending the annual meeting and voting in person. The mailing address of our mailing agent is Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Attendance at the annual meeting will not, however, in and of itself, revoke a proxy.

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Information About Voting Rights and Solicitation of Proxies

What are the voting deadlines?

For shares not held in the Leidos, Inc. Retirement Plan (the Leidos Retirement Plan), the deadline for submitting a proxy using the Internet or the telephone is 11:59 p.m. ET on May 11, 2017. For shares held in the

Leidos Retirement Plan, the deadline for submitting voting instructions using any of the allowed methods is 11:59 p.m. ET on May 9, 2017.

How are the shares held by the Leidos Retirement Plan voted?

Each participant in the Leidos Retirement Plan has the right to instruct Vanguard Fiduciary Trust Company, as trustee of the Leidos Retirement Plan (the Trustee), on a confidential basis, how to vote his or her proportionate interests in all shares of common stock held in the Leidos Retirement Plan. The Trustee will vote all shares held in the Leidos Retirement Plan for which no voting instructions are received in the same proportion as the shares for which voting instructions have been received.

The Trustee's duties with respect to voting the common stock in the Leidos Retirement Plan are governed by the fiduciary provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The fiduciary provisions of ERISA may require, in certain limited circumstances, that the Trustee override the votes of participants with respect to the common stock held by the Trustee and to determine, in the Trustee's best judgment, how to vote the shares.

How are the shares held by the Stock Plans voted?

Under the terms of our Stock Compensation Plan, Management Stock Compensation Plan and Key Executive Stock Deferral Plan, Vanguard Fiduciary Trust Company, as trustee of these stock plans, has the power to vote the shares of common stock held in these stock plans. Vanguard will vote all such shares in the same

proportion that our other stockholders collectively vote their shares of common stock. If you are a participant in these stock plans, you do not have the right to instruct Vanguard on how to vote your proportionate interests in the shares of common stock held in these stock plans.

What is the difference between a stockholder of record and a beneficial holder?

These terms describe how your shares are held. If your shares are registered directly with Computershare, our transfer agent, then you are a stockholder of record of these shares. If your shares are held in an account at a broker, bank, trust or other similar organization, then you are a beneficial holder of these shares. The organization holding your account is considered the

stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. If you wish to vote in person at the annual meeting, you must obtain a valid proxy from the organization holding the spt;">

- evaluating risks associated with our compensation policies and practices and assessing whether risks arising from our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on us;
- reviewing making recommendations to the full Board of Directors regarding the type and amount of compensation to be paid or awarded to our non-employee Board members;
- establishing policies with respect to votes by our shareholders to approve executive compensation as required by Section 14A of the Exchange Act and determining our recommendations regarding the frequency of advisory votes on executive compensation, to the extent required by law;
-

reviewing and assessing the independence of compensation consultants, legal counsel and other advisors as required by Section 10C of the Exchange Act;

- administering our equity incentive plans;
- establishing policies with respect to equity compensation arrangements;
- reviewing the competitiveness of our executive compensation programs and evaluating the effectiveness of our compensation policy and strategy in achieving expected benefits to us;
- reviewing and approving (or if it deems appropriate, making recommendations to the full Board of Directors regarding) the terms of any employment agreements, severance arrangements, change-of-control protections and any other compensatory arrangements for our executive officers;
- reviewing the adequacy of its charter on a periodic basis;
- reviewing with management and approving our disclosures, if any, under the caption “Compensation Discussion and Analysis” and related tables in our periodic reports or proxy statements to be filed with the SEC;
- preparing the report that the SEC requires in our annual proxy statement; and
- reviewing and assessing on an annual basis its own performance.

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Compensation Committee Processes and Procedures

Typically, the Compensation Committee meets quarterly and with greater frequency if necessary. The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in consultation with the Chief Executive Officer. The Compensation Committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, to provide financial or other background information or advice or to otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in, or be present during, any deliberations or determinations of the Compensation Committee regarding his compensation or individual performance objectives. The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company. In addition, under the charter, the Compensation Committee has the authority to obtain, at the expense of the Company, advice and assistance from compensation consultants and internal and external legal, accounting or other advisors and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. The Compensation Committee has direct responsibility for the oversight of the work of any consultants or advisers engaged for the purpose of advising the Committee. In particular, the Compensation Committee has the sole authority to retain, in its sole discretion, compensation consultants to assist in its evaluation of executive and director

compensation, including the authority to approve the consultant's reasonable fees and other retention terms. Under the charter, the Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Compensation Committee, other than in-house legal counsel and certain other types of advisers, only after taking into consideration six factors, prescribed by the SEC and NYSE American, that bear upon the adviser's independence; however, there is no requirement that any adviser be independent.

Historically, the Compensation Committee has made most of the significant adjustments to annual compensation, determined bonus and equity awards and established new performance objectives at one or more meetings held during the first quarter of the year. However, the Compensation Committee also considers matters related to individual compensation, such as compensation for new executive hires, as well as high-level strategic issues, such as the efficacy of the Company's compensation strategy, potential modifications to that strategy and new trends, plans or approaches to compensation, at various meetings throughout the year. Generally, the Compensation Committee's process comprises two related elements: the determination of compensation levels and the establishment of performance objectives for the current year. For executives other than the Chief Executive Officer, the Compensation Committee solicits and considers evaluations and recommendations submitted to the Committee by the Chief Executive Officer. In the case of the Chief Executive Officer, the evaluation of his performance is conducted by the Compensation Committee, which determines any adjustments to his compensation as well as awards to be granted. For all executives and directors as part of its deliberations, the Compensation Committee may review and consider, as appropriate, materials such as financial reports and projections, operational data, tax and accounting information, tally sheets that set forth the total compensation that may become payable to executives in various hypothetical scenarios, executive and director stock ownership information, company stock performance data, analyses of historical executive compensation levels and current Company-wide compensation levels and recommendations of the Compensation Committee's compensation consultant, if any, including analyses of executive and director compensation paid at other companies identified by the consultant.

The Compensation Committee charter can be found on our website at

<https://investor.ampliphbio.com/corporate-governance>.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors is responsible for, among other things:

- identifying, reviewing and evaluating candidates to serve on our Board of Directors consistent with criteria approved by our Board of Directors;
- evaluating director performance on management and the Board and applicable committees of the Board and determining whether continued service on our Board of Directors is appropriate;

- evaluating, nominating and recommending individuals for membership on our Board of Directors;
- evaluating nominations by shareholders of candidates for election to our Board of Directors;
- considering and assessing the independence of members of our Board of Directors;
- developing a set of corporate governance policies and principles, periodically reviewing and assessing these policies and principles and their application and recommending to our Board of Directors any changes to such policies and principles;
- reviewing the adequacy of its charter on an annual basis; and
- annually evaluating the performance of the Nominating and Corporate Governance Committee.

Our Nominating and Corporate Governance Committee consists of Jeremy Curnock Cook, Louis Drapeau and Michael S. Perry. Our Board of Directors has determined that each of the members of this committee satisfies the NYSE American listing independence requirements. Mr. Curnock Cook serves as the chair of our Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee believes that candidates for director should, both individually and collectively, have the integrity, experience, judgment, commitment (including having sufficient time to devote to us and a sufficient level of participation), skills, diversity and expertise appropriate for our company. In assessing the directors, both individually and collectively, the Nominating and Corporate Governance Committee may consider our current needs and the needs of our Board of Directors, to maintain a balance of knowledge, experience and capability in various areas. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee is independent for NYSE American purposes, which determination is based upon applicable NYSE American listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors. The Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to the Board of Directors by majority vote.

The Nominating and Corporate Governance Committee will consider director candidates recommended by shareholders. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the criteria set forth above, based on whether or not the candidate was recommended by a shareholder. Shareholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board may do so by delivering a written recommendation to the Secretary of the Company at 3579 Valley Centre Drive, Suite 100, San Diego, California 92130, no later than the close of business on the 90th day and no earlier than the 120th day prior to the one year anniversary of the preceding year's annual meeting of shareholders. Submissions must include the full name of the proposed nominee, a description of the proposed nominee's business experience for at least the previous five years, complete biographical information, a description of the proposed nominee's qualifications as a director and the number of shares of the Company's stock that are owned beneficially by such nominating shareholder as of the date the

submission is made. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected.

The Nominating and Corporate Governance Committee charter can be found on our website at

<https://investor.ampliphio.com/corporate-governance>.

Shareholder Communications with the Board of Directors

The Company's Board has adopted a formal process by which shareholders may communicate with the Board or any of its directors. Shareholders who wish to communicate with the Board may do so by sending written communications addressed to the Secretary of the Company at AmpliPhi Biosciences Corporation,

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3579 Valley Centre Drive, Suite 100, San Diego, California 92130. All communications will be compiled by the Secretary of the Company and submitted to the Board of Directors or the individual directors on a periodic basis. These communications will be reviewed by the Company's Secretary, who will determine whether the communication should be presented to the Board. The purpose of this screening is to allow the Board to avoid having to consider irrelevant or inappropriate communications (such as advertisements, solicitations and hostile communications). All communications directed to the Audit Committee in accordance with the Company's Open Door Policy for Reporting Complaints Regarding Accounting and Auditing Matters, discussed below, will be treated in accordance with that policy.

Any interested person may, however, communicate directly with the presiding director or the independent directors as a group. Persons interested in communicating directly with the independent directors regarding their concerns or issues may do so by addressing correspondence to a particular director, or to the independent directors generally, in care of AmpliPhi Biosciences Corporation at 3579 Valley Centre Drive, Suite 100, San Diego, California 92130. If no particular director is named, letters will be forwarded, depending upon the subject matter, to the Chair of the Audit, Compensation, or Nominating and Corporate Governance Committee.

Code of Ethics

We have adopted a code of ethics for directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees, known as the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our website at <http://www.ampliphio.com> under the Corporate Governance section of our Investor Relations page. We will promptly disclose on our website (i) the nature of any amendment to the policy that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and (ii) the nature of any waiver, including an implicit waiver, from a provision of the policy that is granted to one of these specified individuals that is required to be disclosed pursuant to SEC rules and regulations, the name of such person who is granted the waiver and the date of the waiver.

Open Door Policy for Reporting Complaints Regarding Accounting and Auditing Matters

We have adopted an Open Door Policy for Reporting Complaints Regarding Accounting and Auditing Matters to facilitate the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, as well as the confidential, anonymous submission by our employees of concerns regarding these matters. The Open Door Policy is contained in our Code of Business Conduct and Ethics and is available on our website at <http://www.ampliphio.com/corporate-governance.html>.

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Proposal 2

Approval of Increase in Number of Authorized Shares of Common Stock

The Board is requesting shareholder approval of an amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares of the Company's common stock from 67,000,000 to 217,000,000 shares. The form of amendment is attached to this proxy statement as Appendix A.

As of the record date, in addition to the _____ shares of common stock outstanding, the Board had reserved _____ of the remaining authorized and unissued shares of the Company for issuances under the Company's equity incentive plans or upon exercise of outstanding warrants.

The additional common stock to be authorized by adoption of the amendment would have rights identical to the currently outstanding common stock of the Company. Although at present the Board has not approved any plans or proposals to issue any of the additional shares of our common stock that would become authorized for issuance if this proposal is approved, the Board desires to have the shares available to provide additional flexibility to use our common stock for financing and business purposes in the future. Adoption of the proposed amendment and issuance of the common stock would not affect the rights of the holders of currently outstanding common stock of the Company, except for, with respect to the issuance of additional shares, effects incidental to increasing the number of shares of our common stock outstanding, such as dilution of the earnings per share, if any, and voting rights of current holders of our common stock. If the amendment is adopted, it will become effective upon filing of Articles of Amendment to the Company's Amended and Restated Articles of Incorporation with the Secretary of State of the State of Washington.

Unless further shareholder approval is required for a proposed issuance of additional shares by the rules of NYSE American or other applicable laws or regulations, the additional shares may be used for various purposes without further shareholder approval. These purposes may include: raising capital; providing equity incentives to employees, officers and directors; establishing strategic relationships with other companies; expanding our business or product pipeline through the acquisition of other businesses or products, product candidates or technologies; and other purposes.

The additional shares of common stock that would become available for issuance if the proposal is adopted could also be used by the Company to oppose a hostile takeover attempt or to delay or prevent changes in control or management of the Company. For example, without further shareholder approval, the Board could strategically sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board. Although this proposal to increase the authorized common stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt (nor is the Board currently aware of any such attempts directed at the Company), shareholders should be aware that approval of the proposal could facilitate future efforts by the Company to deter or prevent changes in control of the Company, including transactions in which the shareholders might otherwise receive a premium for their shares over then current market prices.

If this proposal is not approved by our shareholders, our financing alternatives will be limited significantly by the lack of sufficient unissued and unreserved authorized shares of common stock, and shareholder value may be harmed by this limitation. In addition, our future success depends upon our ability to attract, retain and motivate highly-skilled scientific, operational and managerial employees, and if this proposal is not approved by our shareholders, the lack of sufficient unissued and unreserved authorized shares of common stock to provide future equity incentive opportunities as the Board or the Compensation Committee thereof deems appropriate could adversely impact our ability to achieve these goals. In short, if our shareholders do not approve this proposal, we may not be able to access the capital markets, complete corporate collaborations, partnerships or other strategic transactions, attract, retain and motivate employees, and pursue other business opportunities integral to our growth and success.

Vote Required

The affirmative vote of the holders of a majority of the outstanding shares of our common stock on the record date will be required to approve the amendment of the Company's Amended and Restated Articles of Incorporation to effect the authorized shares increase. As a result, abstentions and broker non-votes, if any, will have the same effect as "against" votes.

The Board Of Directors Recommends

A Vote "For" Proposal 2.

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Proposal 3

Authorization to Adjourn the Annual Meeting

General

If the annual meeting is convened and a quorum is present, but there are not sufficient votes to approve Proposal 2, our proxy holders may move to adjourn the annual meeting at that time in order to enable the Board to solicit additional proxies.

In this proposal, we are asking our shareholders to authorize the holder of any proxy solicited by the Board to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the annual meeting to another time and place, if necessary, to solicit additional proxies in the event there are not sufficient votes to approve Proposal 2. If our shareholders approve this proposal, we could adjourn the annual meeting and any adjourned session of the annual meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from our shareholders that have previously voted. Among other things, approval of this proposal could mean that, even if we had received proxies representing a sufficient number of votes to defeat Proposal 2, we could adjourn the annual meeting without a vote on such proposal and seek to convince our shareholders to change their votes in favor of such proposal.

If it is necessary to adjourn the annual meeting, no notice of the adjourned meeting is required to be given to our shareholders, other than an announcement at the annual meeting of the time and place to which the annual meeting is adjourned, so long as the meeting is adjourned for 30 days or less and no new record date is fixed for the adjourned meeting. At the adjourned meeting, we may transact any business which might have been transacted at the original meeting.

Vote Required

Approval of this proposal requires the affirmative vote of a majority of the shares of our common stock present or represented by proxy at the annual meeting and entitled to vote on such matter. Accordingly, if you “Abstain” from voting, it will have the same effect as an “Against” vote. Broker non-votes, if any, are counted towards a quorum, but are not counted for any purpose in determining whether this proposal has been approved.

The Board Of Directors Recommends

A Vote “For” Proposal 3.

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Proposal 4

Ratification of Selection of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018 and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the shareholders at the annual meeting. Ernst & Young LLP was selected as our independent accountant as of January 20, 2015. Representatives of Ernst & Young LLP are expected to be present at the annual meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Company's Bylaws nor other governing documents or law require shareholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm. However, the Audit Committee of the Board is submitting the selection of Ernst & Young LLP to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection, the Audit Committee of the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its shareholders.

In order for Proposal 4 to be approved, the number of shares that vote "For" the proposal must exceed the number of shares that vote "Against" the proposal. Abstentions will be counted towards the vote total for Proposal 4 and will have the same effect as "Against" votes. Broker non-votes, if any, are counted towards a quorum, but are not counted for any purpose in determining whether this proposal has been approved.

Principal Accountant Fees and Services

The following table represents aggregate fees billed to us by Ernst & Young LLP for the fiscal years ended December 31, 2017 and December 31, 2016.

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2016
Audit Fees	\$ 324,000	\$ 493,000
Audit Related Fees	97,000	165,000
Tax Fees	—	—
All Other Fees	—	—
Total	\$ 421,000	\$ 658,000

Representatives of Ernst & Young LLP attended all of the meetings of the Audit Committee occurring during the years ended December 31, 2017 and 2016.

Pre-Approval Policies and Procedures

The Audit Committee approves in advance the engagement and fees of the independent registered public accounting firm for all audit services and non-audit services, based upon independence, qualifications and, if applicable, performance. The Audit Committee may form and delegate to subcommittees of one or more members of the Audit Committee the authority to grant pre-approvals for audit and permitted non-audit services, up to specific amounts. All audit services provided by Ernst & Young LLP for the periods presented were pre-approved by the Audit Committee.

Ability to Continue as a Going Concern

The report of Ernst & Young LLP on the consolidated financial statements of the Company for the fiscal year ended December 31, 2017, included in the Form 10-K filed with the Securities and Exchange Commission on March 14, 2018 states that the Company has incurred net losses since its inception and has

negative operating cash flows, which raise substantial doubts about the Company's ability to continue as a going concern. Other than the foregoing, Ernst & Young LLP's report on the financial statements for the past two years contained no adverse opinion or disclaimer of opinion and was not qualified as to audit scope or accounting principles.

The Board Of Directors Recommends

A Vote "For" Proposal 4.

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Executive Officers

The following table sets forth information regarding our executive officers as of the date of this proxy statement.

Name	Age	Position(s)
Paul C. Grint, M.D.	60	Chief Executive Officer, Director
Igor P. Bilinsky	45	Chief Operating Officer
Steve R. Martin	57	Chief Financial Officer

The following is biographical information for Igor P. Bilinsky, our Chief Operating Officer, and Steve R. Martin, our Chief Financial Officer. The biographical information for Dr. Grint is included under Proposal 1.

Igor P. Bilinsky, Ph.D. has served as our Senior Vice President, Chief Operating Officer, since January 30, 2017.

Dr. Bilinsky previously served as Senior Vice President, Research Operations and General Manager, Immuno-Oncology of Ignyta, Inc. from February 2016 to January 2017, and before that served as Ignyta's General Manager, Immuno-Oncology and Senior Vice President, Special Operations since September 2015. Prior to joining Ignyta, Dr. Bilinsky was Senior Vice President, Corporate Development at Vical Incorporated, a position he held since 2010. Dr. Bilinsky was previously Vice President, Business Development and Special Operations at Halozyme Therapeutics from 2008 to 2010, after joining Halozyme in 2007 as Executive Director, Corporate Development and Special Operations. From 2005 to 2007, Dr. Bilinsky was Chief Executive Officer of Androclus Therapeutics, a privately-held biotechnology company developing novel therapeutics for autoimmune and inflammatory diseases. He joined Androclus in 2004 as Chief Operating Officer. From 1999 to 2004, Dr. Bilinsky served in positions of increasing responsibility as a management consultant, project leader and ultimately as principal in the healthcare practice of the Boston Consulting Group, where he advised companies in the biotechnology, pharmaceutical and life science industries on business strategy, operational performance and mergers and acquisitions. Prior to joining the Boston Consulting Group, Dr. Bilinsky worked in research positions at Symyx Technologies and the Massachusetts Institute of Technology, or MIT, Lincoln Laboratory. Dr. Bilinsky received his B.S. degree in physics from the Moscow Institute of Physics and Technology and his Ph.D. degree in physics from MIT.

Steve R. Martin has served as our Chief Financial Officer since January 2016. Mr. Martin served as Senior Vice President and Chief Financial Officer of Applied Proteomics, Inc., a molecular diagnostics company, from December 2014 to August 2015. From June 2011 to December 2014, Mr. Martin served as Senior Vice President and Chief Financial Officer of Apricus Biosciences, Inc., a publicly traded pharmaceutical company, and served as the Interim Chief Executive Officer of Apricus from November 2012 through March 2013. From 2008 to January 2011, Mr. Martin served as Senior Vice President and Chief Financial Officer of BakBone Software, a publicly traded software company. During his final 10 months with BakBone until the company's acquisition in January 2011, Mr. Martin also served as BakBone's Interim Chief Executive Officer. From 2005 to 2007, Mr. Martin served as Chief Financial Officer of Stratagene Corporation, a publicly traded research products and clinical diagnostics company. Mr. Martin's previous experience also includes serving as Controller with Gen-Probe Incorporated, a publicly traded molecular diagnostics company, as well as 10 years with Deloitte & Touche LLP, a public accounting firm. Mr. Martin holds a B.S. degree from San Diego State University and is a certified public accountant (inactive).

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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our directors;
- each of our named executive officers; and
- all of our current executive officers and directors as a group.

The percentage ownership information in the table below is based on 16,468,308 shares of common stock outstanding as of September 30, 2018.

Information with respect to beneficial ownership provided in the table below is based upon information supplied by officers and directors and based upon Schedules 13D and 13G and Form 4 filed with the SEC. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options or warrants that are either immediately exercisable or exercisable on or before November 29, 2018, which is 60 days after September 30, 2018. These shares are deemed to be outstanding and beneficially owned by the person holding those options or warrants for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o AmpliPhi Biosciences Corporation, 3579 Valley Centre Drive, Suite 100, San Diego, California 92130.

Beneficial Owner	Beneficial Ownership	
	Number of Shares	Percent of Total
Greater than 5% Shareholders		
Sabby Management LLC(1) 10 Mountainview Road, Suite 205 Upper Saddle River, NJ 07458	1,280,910	7.2%
Empery Asset Management, LP(2) 1 Rockefeller Plaza, Suite 1205 New York, New York 10020	1,149,449	6.9%
Directors and Named Executive Officers		
Paul C. Grint, M.D.(3)	57,260	*
Jeremy Curnock Cook(4)	482,019	2.9%
Louis Drapeau(5)	12,673	*
Michael S. Perry, Ph.D.(6)	478,600	2.9%
Vijay B. Samant(7)	12,122	*
Wendy Johnson(8)	16,529	*
Steve Martin(9)	64,125	*

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Igor P. Bilinsky, Ph.D.(10)	59,338	*
M. Scott Salka(11)	71,421	*
All current executive officers and directors as a group (8 persons)(12)	716,196	4.3%

*

Represents beneficial ownership of less than 1%.

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(1)

Consists of (a) 640,455 shares of common stock held by Sabby Healthcare Master Fund, Ltd., which we refer to as Sabby Healthcare and (b) 640,455 shares of common stock held by Sabby Volatility Warrant Master Fund, Ltd., which we refer to as Sabby Volatility. Sabby Management, LLC serves as the investment manager of Sabby Healthcare and Sabby Volatility, and has shared voting and investment power over the shares beneficially owned by Sabby Healthcare and Sabby Volatility listed in the foregoing clauses (a) and (b). Shares held by Sabby Healthcare and Sabby Volatility may be deemed to be indirectly beneficially owned (as defined under Rule 13d-3 promulgated under the Exchange Act) by Sabby Management, LLC. Sabby Management, LLC disclaims beneficial ownership of such shares, except to the extent of any pecuniary interest therein. Hal Mintz is the Manager of Sabby Management, LLC. Shares held by this entity may be deemed to be indirectly beneficially owned (as defined under Rule 13d-3 promulgated under the Exchange Act) by Mr. Mintz. Mr. Mintz disclaims beneficial ownership of such shares, except to the extent of any pecuniary interest therein.

(2)

Consists of 1,000,000 shares of common stock and warrants exercisable for 149,449 shares of common stock.

(3)

Consists of 599 shares of common stock held by Dr. Grint and 56,661 shares of common stock that Dr. Grint has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options.

(4)

Consists of (a) 330 shares of common stock held by Mr. Cook, (b) 16,219 shares of common stock that Mr. Cook has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options, (c) 411,105 shares of common stock held by One Fund Management Limited as Trustee for Asia Pacific Healthcare Fund II, or One Funds, an entity with which Mr. Cook is affiliated, and (d) 55,365 shares of common stock issuable upon exercise of warrants held by One Funds.

(5)

Consists of 1,000 shares of common stock and 11,673 shares of common stock that Mr. Drapeau has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options.

(6)

Consists of (a) 230 shares of common stock held by Dr. Perry, (b) 11,900 shares of common stock that Dr. Perry has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options, (c) 411,105 shares of common stock held by One Funds, an entity with which Dr. Perry is affiliated, and (d) 55,365 shares of common stock issuable upon exercise of warrants held by One Funds.

(7)

Consists of 12,122 shares of common stock that Mr. Samant has the right to acquire from us within 60 days of September 30, 2018, pursuant to the exercise of stock options.

(8)

Consists of 100 shares of common stock held by Ms. Johnson and 16,429 shares of common stock that Ms. Johnson has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options.

(9)

Consists of 376 shares of common stock held by Mr. Martin and 63,749 shares of common stock that Mr. Martin has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options.

(10)

Consists of 59,338 shares of common stock that Dr. Bilinsky has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options.

(11)
Consists of 71,421 shares of common stock that Mr. Salka has the right to acquire from us within 60 days of September 30, 2018 pursuant to the exercise of stock options. In May 2017, Mr. Salka resigned as our Chief Executive Officer and as a member of our Board of Directors.

(12)
Includes the shares described in footnotes (3) through (10) above (without duplication of the shares and warrants held by One Funds, an entity with which both Mr. Cook and Dr. Perry are affiliated).

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and any persons beneficially holding more than 10% of our common stock to report their initial ownership of our common stock and any subsequent changes in that ownership to the SEC. Our executive officers, directors and greater than 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Specific due dates for these reports have been established and we are required to identify those persons who failed to timely file these reports. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations from our directors and officers that no other reports were required, during the fiscal year ended December 31, 2017, all of our directors, officers and greater than 10% stockholders complied with the Section 16(a) filing requirements, except for the following:

We issued shares of our common stock to One Funds and amended the terms of certain warrants held by One Funds pursuant to the provisions of a Common Stock Issuance Agreement dated April 8, 2016, and a subsequent amendment to such agreement, as described in more detail in our Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC, under Item 13—Certain Relationships and Related Transactions, and Director Independence—Common Stock Issuance Agreement. In addition, on November 22, 2016, One Funds acquired 46,666 shares of our common and warrants exercisable for 46,666 shares of our common stock, at a combined purchase price of \$7.50 per share, in our underwritten public offering. In September 2017, the exercise price of these warrants, as well as all other outstanding warrants issued pursuant to our November 2016 public offering, was automatically reduced to \$0.5749 in accordance with the terms of the warrants. Jeremy Curnock Cook, the Chairman of our board of directors, was and is affiliated with One Funds, such that he is deemed to beneficially own the shares and warrants held by One Funds. Mr. Cook failed to timely file a report under Section 16(a) of the Exchange Act to reflect the foregoing transactions or his beneficial ownership of the shares and warrants held by One Funds. The delinquent report was filed on March 26, 2018. In April 2017, Dr. Michael Perry, one of our directors, became affiliated with One Funds, such that he may be deemed to beneficially own the shares and warrants held by One Funds. Dr. Perry failed to timely file a report under Section 16(a) of the Exchange Act reflecting his beneficial ownership of the shares and warrants held by One Funds. The delinquent report was filed on March 26, 2018.

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Executive Compensation

Our named executive officers for the year ended December 31, 2017, which consist of all individuals who served as our principal executive officer during 2017 and our two most highly compensated executive officers other than our principal executive officer who were serving as executive officers as of December 31, 2017 are:

- Paul C. Grint, M.D., our Chief Executive Officer effective June 1, 2017;
- Steve Martin, our Chief Financial Officer;
- Dr. Igor P. Bilinsky, our Chief Operating Officer; and
- M. Scott Salka, our former Chief Executive Officer during 2017 through May 31, 2017.

Summary Compensation Table

The following table provides information regarding the compensation paid during the last two fiscal years to our named executive officers for the year ended December 31, 2017.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Dr. Paul Grint, Chief Executive Officer(2)	2017	277,083	—	154,163	50,000	18,750(4)	499,996
	2016	—	—	—	—	45,000(4)	45,000
Steve Martin, Senior VP and Chief Financial Officer	2017	320,000	—	154,072	173,409	—	647,481
	2016	306,667	—	239,801	67,200	1,341	615,009
Dr. Igor Bilinsky, Senior VP and Chief Operating Officer	2017	323,525	—	201,173	183,805	—	708,503
Michael Scott Salka, former Chief Executive Officer(3)	2017	227,769	—	84,693	144,051	247,917(5)	704,430
	2016	425,000	—	—	102,000	988	527,988

(1) In accordance with SEC rules, this column represents the aggregate grant date fair value of the option awards granted during 2017 and 2016 (if any) computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718 for stock-based compensation transactions (ASC 718). Assumptions used in the calculation of these amounts are included in Note 11 to the consolidated financial statements. These amounts do not reflect the actual economic value that will be realized by the named executive officer upon the vesting of the stock options, the exercise of the stock options, or the sale of the common stock underlying such stock options.

(2) Dr. Grint commenced employment with us as Chief Executive Officer in June 2017.

(3)

Mr. Salka terminated employment with us as Chief Executive Officer in May 2017.

(4)
Represents Board of Directors service retainers paid to Dr. Grint for Board services provided prior to his commencement of employment.

(5)
Represents salary continuation severance benefits paid to Mr. Salka.

Base Salary

The base salaries of our named executive officers, as applicable, is generally determined and approved by our Board of Directors, based on the recommendation of the Compensation Committee.

Dr. Grint's annual base salary for 2017 was \$475,000.

Mr. Martin's annual base salary for 2017 and 2016 was \$320,000.

Dr. Bilinsky's annual base salary for 2017 was \$350,000.

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Mr. Salka's annual base salary for 2017 and 2016 was \$425,000.

Annual Bonus Opportunity

In addition to base salaries, certain of our named executive officers are eligible to receive annual performance-based cash bonuses, which are designed to provide appropriate incentives to our executives to achieve defined annual corporate goals and to reward our executives for individual achievement towards these goals. The performance-based bonus a named executive officer may be eligible to receive is generally based on the extent to which we achieve the specified corporate goals that our Board of Directors or Compensation Committee establishes. After the end of the year, typically in February or March, the Board of Directors and/or Compensation Committee reviews our performance against the established corporate goals and approves the extent to which we achieved such goals. In addition, we may award a named executive officer a discretionary cash or equity bonus, if our Board of Directors or Compensation Committee determines appropriate based on the circumstances.

The Board of Directors and/or Compensation Committee generally will consider each executive officer's individual contributions towards reaching our corporate goals and may also establish specific individual goals for our executive officers as it determines appropriate. There is no minimum bonus percentage or amount established for the named executive officers and, as a result, the bonus amounts vary based on corporate and individual performance, as applicable. Under the terms of his offer letter agreement described below, Dr. Grint is eligible to receive an annual performance-based bonus for 2017 equal to, at target, 50% of his annual salary based on our achievement of certain performance goals. Mr. Martin is eligible to receive an annual performance-based bonus for 2017 equal to, at target, 35% of his annual salary based on our achievement of certain performance goals. Dr. Bilinsky is eligible to receive an annual performance-based bonus for 2017 equal to, at target, 40% of his annual salary based on our achievement of certain performance goals.

Annual performance bonus amounts for 2016 and 2017 were based entirely on corporate goals relating to capital raising, management of operating costs, our clinical trial and manufacturing progress, and certain organizational achievements. In January 2018, the Compensation Committee reviewed the corporate performance goals for Dr. Grint, Mr. Martin and Dr. Bilinsky and also considered other external factors impacting the valuation of the Company. Based on the evaluation of the overall 2017 results by the Compensation Committee and considering the period of services provided in 2017, the Compensation Committee awarded the following cash bonus awards: Dr. Grint \$50,000, Dr. Bilinsky \$65,000 and Mr. Martin \$65,000.

2017 Financing Bonus

On April 1, 2017 we amended our offer letter agreements with Mr. Martin, Dr. Blinsky and Mr. Salka in order to provide us with additional near-term operating flexibility by the executives waiving certain severance benefit rights in exchange for stock options and eligibility to receive cash bonuses upon successful completion of near-term financings. Each of the offer letter amendments provided for a waiver by the applicable named executive officer of the severance benefits such executive would have otherwise been entitled to in connection with a qualifying termination of employment in the event such termination occurred in connection with a wind-down event at any time before the earlier of (i) January 1, 2018 and (ii) such time as the Board of Directors had determined that our cash and cash equivalents were sufficient to fund (A) our operations for at least the 12 months following such determination and (B) all our potential liabilities under all then-outstanding obligations related to accrued salaries and wages, and potential severance benefit payment obligations.

In consideration for the applicable named executive officers' waiver of the severance benefits rights described above, on April 1, 2017 we granted stock options to these individuals under our 2016 Equity Incentive Plan, or 2016 Plan. Such stock options have a four-year term for exercise from the date of grant, were fully-vested upon grant, and were for the following number of shares: Dr. Bilinsky 176,411 shares, Mr. Martin 161,290 shares, and Mr. Salka 214,214 shares.

As further consideration for the waiver of severance benefits, under the terms of the offer letter amendments each of Mr. Martin, Dr. Bilinsky and Mr. Salka was eligible to receive the following bonus payments in connection with the following capital raising milestones if such milestones occurred during

their employment with us: (A) if we raised, after April 1, 2017 and on or before May 31, 2017, at least \$4,000,000 in aggregate gross proceeds from the sale of our equity securities in one or more financing transactions, the executives would be entitled to receive a lump-sum cash bonus payment in an amount equal to (x) in the case of Mr. Salka, 38.8%, in the case of Dr. Bilinsky, 32%, and in the case of Mr. Martin, 29.2%, multiplied by (y) 3.5% multiplied by (z) the gross proceeds raised by us from such financing transaction(s); and (B) if we raised, after April 1, 2017 and on or before December 31, 2017, at least \$10,000,000 in aggregate gross proceeds from the sale of our equity securities in one or more financing transactions, the executives would be entitled to receive a lump-sum cash bonus payment in an amount equal to (x) in the case of Mr. Salka, 38.8%, in the case of Dr. Bilinsky, 32%, and in the case of Mr. Martin, 29.2%, multiplied by (y) 2% multiplied by (z) the gross proceeds raised by us from such financing transaction(s).

In 2017, we raised \$10.6 million in gross proceeds from the sale of our equity securities through our May 2017 public offering. As a result, our Board of Directors approved the payment of lump-sum cash bonuses to Mr. Martin, Dr. Bilinsky and Mr. Salka in the amounts of \$108,409, \$118,805 and \$144,051, respectively.

Equity-Based Awards

Our equity-based incentive awards are designed to align our interests with those of our employees and consultants, including our named executive officers. Our Board of Directors or our Compensation Committee approves equity grants. Vesting of equity awards is generally tied to continuous service with us and serves as an additional retention measure. Our executives may be awarded an initial new hire grant upon commencement of service and may receive additional grants, as the Board of Directors or Compensation Committee determines appropriate, in order to incentivize and/or reward such executives.

We have traditionally granted stock options to our named executive officers under our equity incentive plans, the terms of which are described below under “— Equity Benefit Plans.”

Agreements with Our Named Executive Officers

Below are descriptions of our employment and consulting agreements with our named executive officers governing the terms of their service with us. For a discussion of the severance pay and other benefits that may be provided in connection with a termination of service and/or a change in control under the arrangements with our named executive officers, please see “— Potential Payments and Benefits upon Termination or Change in Control” below.

Dr. Grint. In June 2017, we entered into an offer letter agreement with Dr. Grint, our Chief Executive Officer. Dr. Grint’s employment under the agreement is at will and may be terminated by us or Dr. Grint at any time. Under the terms of the agreement, Dr. Grint is entitled to receive an initial annual base salary of \$475,000, an annual target performance bonus of 50% of his annual salary based on our achievement of certain performance objectives and options to purchase 475,189 shares of our common stock, which were granted in September 2017.

Mr. Martin. In January 2016, we entered into an offer letter agreement with Mr. Martin, our Senior Vice President and Chief Financial Officer. Mr. Martin’s employment under the agreement is at will and may be terminated by us or Mr. Martin at any time. Under the terms of the agreement, Mr. Martin is entitled to receive an initial annual base salary of \$320,000, an annual target performance bonus of 35% of his annual salary based on our achievement of certain performance objectives and an option to purchase a number of shares of our common stock equal to 1% of the number of shares of common stock outstanding on a fully-diluted basis, which was granted in January 2016.

Dr. Bilinsky. In January 2017, we entered into an offer letter agreement with Dr. Bilinsky, our Senior Vice President and Chief Operating Officer. Dr. Bilinsky’s employment under the agreement is at will and may be terminated by us or Dr. Bilinsky at any time. Under the terms of the agreement, Dr. Bilinsky is entitled to receive an initial annual base salary of \$350,000, an annual target performance bonus of 40% of his annual salary based on our achievement of certain performance objectives, an option to purchase a number of shares of our common stock equal to 1.5% of the number of shares of common stock outstanding on a fully-diluted basis, which was granted in January 2017, and an additional option to

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purchase a number of shares of our common stock equal to 1% of the number of shares of common stock outstanding on a fully-diluted basis following the completion of the first financing transaction following the start of employment. The financing transaction was completed in May 2017, at which time the additional stock option was granted.

Mr. Salka. On May 31, 2017, Mr. Salka resigned as our Chief Executive Officer and as a member of our Board of Directors. In connection with Mr. Salka's resignation as our Chief Executive Officer, we entered into a separation and consulting agreement with Mr. Salka, or the Separation Agreement. Pursuant to the Separation Agreement and in exchange for our receipt of an effective release and waiver of claims from Mr. Salka, we agreed to provide Mr. Salka with the following: (i) continued payment of his base salary in effect as of May 31, 2017 for 12 months following his resignation, or the Severance Period; (ii) payment of COBRA premiums on his behalf, through the earliest of the following: (a) the duration of the Severance Period; (b) the date upon which he becomes eligible for health insurance pursuant to another employer-sponsored group health insurance plan; or (c) the date upon which he becomes ineligible for continued coverage under COBRA; and (iii) a stock option under the 2016 Plan, exercisable for 50,000 shares of our common stock at an exercise price equal to the fair market value on the date of grant, which will vest, subject to certain terms and conditions, at the end of the consulting period described below, and may be exercised for a period of three years following the end of such consulting period. Pursuant to the Separation Agreement, Mr. Salka agreed to provide transition and consulting services to us for a period of up to 90 days following May 31, 2017.

Potential Payments and Benefits upon Termination or Change in Control

Dr. Grint, Dr. Bilinsky and Mr. Martin. Under the terms of the offer letter agreements for each of our three current named executive officers, each named executive officer is entitled to receive 12 months of continued base salary if their employment with us is terminated without cause or if the executive resigns for good reason, and additionally, if such termination or resignation occurs in connection with a change in control, full acceleration of the individual's equity awards, provided that in either case the person provides us with an effective release of claims.

All of the named executive officers hold stock options under our equity incentive plans that were granted subject to the general terms of our equity incentive plans and form of stock option agreements. A description of the termination and change in control provisions in such equity incentive plans and stock options granted thereunder is provided below under "— Equity Benefit Plans" and the specific vesting terms of each named executive officer's stock options are described below under "— Outstanding Equity Awards at Fiscal Year End."

Outstanding Equity Awards at Fiscal Year End

The following table sets forth certain information regarding all outstanding equity awards held by our named executive officers as of December 31, 2017.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date
Dr. Grint	848(1)	772(1)	—	56.50	11/5/2025
	—	—	285,113(2)	0.91	9/6/2027
	—	190,076(1)	—	0.91	9/6/2027
Mr. Martin	848	190,848	—	—	—
	4,791(1)	5,200(1)	—	28.50	1/18/2026
	16,128(3)	—	—	4.30	3/31/2021
	—	139,000(1)	—	0.91	9/6/2027
Dr. Bilinsky	20,919	144,200	—	—	—
	—	24,732(1)	—	4.60	1/30/2027
	17,641(3)	—	—	4.30	3/31/2021
	—	87,161(1)	—	0.74	5/30/2027
Mr. Salka	17,641	111,893	—	—	—
	21,421(3)	—	—	4.30	3/31/2021
	50,000(4)	—	—	0.73	8/29/2020
	71,421	—	—	—	—

(1) Twenty-five percent of the shares vest one year after grant date, with the balance vesting in equal monthly installments thereafter over the next three years, subject to continued service with us.

(2) The shares underlying this option will vest upon achievement of certain performance criteria.

(3) One hundred percent of the shares vested upon grant date of April 1, 2017.

(4) One hundred percent of the shares vested 90 days after the grant date of June 7, 2017.

All of the stock options held by our named executive officers listed in the table above were granted under and subject to the terms of our 2016 Plan and 2013 Stock Incentive Plan, the terms of which are described below under “— Equity Benefit Plans”.

Option Exercises and Stock Vested

Our named executive officers did not exercise any stock option awards during the year ended December 31, 2017.

Pension Benefits

None of our named executive officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

Non-Qualified Deferred Compensation

None of our named executive officers participate in or have account balances in qualified or non-qualified defined contribution plans or other non-qualified compensation plans sponsored by us.

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Equity Benefit Plans

2016 Equity Incentive Plan

The 2016 Plan, was approved by our Board of Directors in April 2016 and subsequently approved by our shareholders in June 2016. The plan provides for the issuance of incentive awards in the form of non-qualified and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and performance-based stock awards. The awards may be granted by the Company's Board of Directors to its employees, including officers, non-employee directors and consultants who provide services to the Company or to a subsidiary of the Company. The exercise price for stock options must not be less than the fair market value of the underlying shares on the date of grant. Stock options expire no later than ten years from the date of grant and generally vest and typically become exercisable over a four-year period following the date of grant. Upon the exercise of stock options, the Company issues the resulting shares from shares reserved for issuance under the 2016 Plan. With the approval of the 2016 Plan, the remaining unallocated shares under the Company's 2013 Stock Incentive Plan were allocated to the 2016 Plan and an additional 100,000 new shares were added to the authorized share reserve under the 2016 Plan. On January 1, 2017, and January 1, 2018 pursuant to the terms of the 2016 Plan, the number of shares available for issuance under the 2016 Plan automatically increased by 82,440 and 474,946 shares, respectively. On September 7, 2017, the shareholders approved an amendment to the 2016 Plan which increased the aggregate number of shares of common stock authorized for issuance by 800,000 shares.

2013 Stock Incentive Plan

Our 2013 Stock Incentive Plan, or the 2013 Plan, was first approved by our Board of Directors in December 2013 and approved by our shareholders in February 2014, and subsequently amended by our Board of Directors and shareholders effective in August 2015. Following the adoption of the 2016 Plan, no further awards have been or will be granted under the 2013 Plan, and all awards granted under the 2013 Plan that are repurchased, forfeited, expire or are cancelled become available for grant under the 2016 Plan in accordance with its terms. However, all stock options granted under the 2013 Plan continue to be governed by the terms of the 2013 Plan. The terms of the stock options granted under the 2013 Plan, including vesting requirements, were determined by our Board of Directors, subject to the provisions of the 2013 Plan. Options granted under the 2013 Plan generally vest over four years and are exercisable after they have been granted and up to ten years from the date of grant. The exercise price of the incentive stock options must equal at least 100% of the fair market value of our common stock on the date of grant.

Under the terms of the 2013 Plan, upon the effectiveness of a corporate transaction (as such term is defined in the 2013 Plan), all awards granted under the 2013 Plan will terminate unless affirmed by us or assumed by the successor entity. Our Board of Directors may amend the terms of any outstanding award granted under the 2013 Plan, including to provide for acceleration of vesting, but no such action may adversely affect the holder's rights under an outstanding award without the holder's consent.

Employee Stock Purchase Plan

Additional long-term equity incentives are provided through our 2016 Employee Stock Purchase Plan, or the ESPP, which became effective in connection with our 2016 Annual Meeting of Shareholders in May 2016. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of section 423 of the Code. Our Board of Directors has delegated its authority to administer the ESPP to our Compensation Committee. Under the ESPP, all of our regular employees (including our named executive officers) may participate and may contribute, normally through payroll deductions, up to 15% of their earnings for the purchase of our common stock. The ESPP is implemented through a series of offerings of purchase rights to eligible employees. Under the ESPP, we may specify offerings with a duration of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which our common stock will be purchased for employees participating in the offering. Unless otherwise determined by our Compensation Committee, shares are purchased for accounts of employees participating in the ESPP at a price per share equal to the lower of (a) 85% of the fair market value of our common stock on the first date of an offering or (b) 85% of the fair market value

of our common stock on the date of purchase. As of December 31, 2017, there were 21,016 shares available for future issuance under the ESPP. On January 1, 2018, pursuant to the terms of the ESPP, the number of shares available for issuance under the ESPP automatically increased by 94,989 shares.

Non-Employee Director Compensation

The following table and related footnotes show the compensation paid during the year ended December 31, 2017 to our non-employee directors, other than Dr. Grint whose 2017 compensation is set forth above under “Executive Compensation” above.

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	All Other Compensation (\$)	Total (\$)
Jeremy Curnock Cook(2)	70,000	8,673	—	78,673
Louis Drapeau(3)	61,000	8,673	—	69,673
Michael S. Perry, Ph.D.(4)	59,000	8,673	—	67,673
Vijay Samant(5)	46,000	8,673	—	54,673
Wendy S. Johnson(6)	40,000	8,673	—	48,673

(1)

In accordance with SEC rules, this column represents the aggregate grant date fair value of the option awards granted during 2017 and 2016 (if any) computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718 for stock-based compensation transactions (ASC 718). Assumptions used in the calculation of these amounts are included in Note 11 in the Notes to the Consolidated Financial Statements to the Company’s Annual Report on Form 10-K filed with the SEC on March 14, 2018. These amounts do not reflect the actual economic value that will be realized by the named executive officer upon the vesting of the stock options, the exercise of the stock options, or the sale of the common stock underlying such stock options.

(2)

As of December 31, 2017, Mr. Cook held stock options for an aggregate of 15,810 shares, of which 3,463 shares were vested and exercisable.

(3)

As of December 31, 2017, Mr. Drapeau held stock options for an aggregate of 12,520 shares, of which 630 shares were vested and exercisable.

(4)

As of December 31, 2017, Dr. Perry held stock options for an aggregate of 12,640 shares, of which 850 shares were vested and exercisable.

(5)

As of December 31, 2017, Mr. Samant held stock options for an aggregate of 12,520 shares, of which 848 shares were vested and exercisable.

(6)

As of December 31, 2017, Ms. Johnson held stock options for an aggregate of 17,516 shares, of which 5,386 shares were vested and exercisable.

In September 2015, the Board of Directors approved a revised compensation structure for our non-employee directors. In 2017, the chairman of the Board received an annual cash retainer of \$60,000 and each other non-employee director received an annual cash retainer of \$40,000. For the Audit Committee, the committee chair received an additional annual cash retainer of \$15,000 and each member received an additional annual cash retainer of \$6,000. For the Compensation Committee, the committee chair received an additional annual cash retainer of \$10,000 and each member received an additional annual cash retainer of \$5,000. For the Nominating and Corporate Governance Committee, the committee chair received an additional annual cash retainer of \$5,000 and each member received an additional annual cash retainer of \$3,000.

During 2017, Dr. Grint served on our Board of Directors both before and following his appointment to the role of Chief Executive Officer. Dr. Grint received compensation totaling \$18,750 for his services as a non-employee director and committee member from January 1 through May 31, 2017. In June 2017, Dr. Grint assumed the role of Chief Executive Officer. Once he became an employee, Dr. Grint's compensation became governed solely by the terms of his employment offer letter agreement described

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above and he did not receive additional cash or equity compensation for serving on our Board of Directors. All of Dr. Grint's 2017 compensation, including the compensation he received while serving as a non-employee director prior to becoming our Chief Executive Officer, is reflected in the Summary Compensation Table above.

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Transactions with Related Persons

Related-Person Transactions Policy and Procedures

We have adopted a written related-person transactions policy that sets forth our policies and procedures regarding the identification, review, consideration and oversight of “related-person transactions.” For purposes of our policy only, a “related-person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related person” are participants involving an amount that exceeds \$120,000 (or such lower threshold as may be applicable to us from time to time pursuant to the rules and regulations of the SEC or the NYSE American).

Transactions involving compensation for services provided to us by an employee, consultant or director are not considered related-person transactions under this policy. A related person is any executive officer, director or a holder of more than five percent of our common stock, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, where a transaction has been identified as a related-person transaction, management must present information regarding the proposed related-person transaction to our Audit Committee (or, where review by our Audit Committee would be inappropriate, to another independent body of our Board of Directors) for approval. The presentation must include a description of, among other things, the material facts, the direct and indirect interests of the related persons, the benefits of the transaction to us and whether any alternative transactions are available. To identify related-person transactions in advance, we rely on information supplied by our executive officers, directors and certain significant shareholders. In considering related-person transactions, our Audit Committee or other independent body of our Board of Directors takes into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director’s independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the terms of the transaction;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties.

In the event a director has an interest in the proposed transaction, the director must recuse himself or herself from the deliberations and approval.

Certain Related-Person Transactions

The following includes a summary of transactions since January 1, 2016 to which we have been a party, in which the amount involved in the transaction exceeded the lesser of \$120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described in the sections above entitled “Executive Compensation” and “Non-Employee Director Compensation.”

Exclusive Channel Collaboration

Pursuant to that certain Exclusive Channel Collaboration Agreement, or ECC Agreement, dated as of March 29, 2013, with Intrexon Corporation, we agreed to pay Intrexon Corporation royalties as a percentage in the upper-single digits

of the net product sales of a product developed under the collaboration, and up to \$7.5 million in aggregate milestone payments for each product developed. Intrexon Corporation owned more than 5% of our common stock at the time of the transaction. On April 13, 2016, we provided written notice to Intrexon Corporation of our election to voluntarily terminate the ECC Agreement. The effective date of termination was July 12, 2016.

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Common Stock Issuance Agreement

On April 8, 2016, we entered into a Common Stock Issuance Agreement, or CSIA, with certain former holders of our Series B convertible preferred stock, including Pendinas Limited (which owned more than 5% of our common stock on the date of the CSIA) and One Funds

Pursuant to the CSIA, we issued shares of our common stock to such holders, and amended certain warrants to purchase common stock issued to such holders in the private placement of Series B convertible preferred stock in June 2013 and/or July 2013, in order to reduce the exercise price of such warrants from \$70.00 per share to \$40.50 per share and extend the expiration date thereof from June 26, 2018 to March 31, 2021. As consideration for the transactions described above, such holders waived their right to receive approximately \$2.2 million in aggregate cash payments to which they were entitled upon the conversion of all outstanding shares of Series B convertible preferred stock into shares of common stock on April 8, 2016, in respect of accrued dividends on their former shares of Series B convertible preferred stock. Such holders also waived their registration rights with respect to certain future registration statements that may be filed, and certain future public offerings that may be conducted, by us.

The table below summarizes the shares issued to Pendinas Limited and One Funds and the accrued dividends waived by such parties:

Related Person	Shares Issued	Accrued Dividends Waived
Pendinas Limited	58,455	\$ 1,504,433
One Funds	17,129	\$ 440,859

The CSIA also contained price protection obligations that required us to issue a formula-based number of shares of our common stock to the holders for no additional consideration upon the completion of certain dilutive financings within a defined period.

Pursuant to the terms of the CSIA and in connection with the registered direct public offering that we completed in June 2016, on June 21, 2016 we issued 51,383 and 15,057 shares of common stock to Pendinas Limited and One Funds, respectively, for no additional consideration. Pendinas Limited ceased to be a “related person” following the completion of our May 2017 public offering.

On June 27, 2017, we entered into an amendment to the CSIA, or the Amendment, to, among other things, terminate the price protection obligations contained in the CSIA. In consideration for the termination of such price protection obligations and a release of claims by the shareholders party to the CSIA, on June 29, 2017 we issued an aggregate of 28,684 shares of common stock to the shareholders party to the Amendment, including 5,757 shares to One Funds.

Pursuant to the Amendment and following receipt of shareholder approval at our 2017 Annual Meeting of Shareholders, on September 19, 2017 we issued to One Funds an additional 105,015 shares of common stock.

Settlement Agreement

On November 12, 2016, we entered into a settlement agreement with NRM VII Holdings I, LLC, or NRM, to settle a complaint filed by NRM in April 2016 against us and the members of our Board of Directors in the Superior Court of California, County of San Diego, alleging that we breached the implied covenant of good faith and fair dealing by entering into an alleged scheme to force NRM to convert its shares of Series B convertible preferred stock into shares of our common stock. The complaint further alleged that the members of our Board of Directors who were named as defendants breached their fiduciary duty of good faith and loyalty owed to NRM, as one of our shareholders, by participating in this alleged scheme. Pursuant to the settlement agreement, NRM dismissed the allegation with prejudice upon receipt of a cash payment of \$2.0 million, which was paid to NRM by our insurance carrier in 2016. The settlement agreement contains mutual releases covering all claims that we or our affiliates, or NRM or its affiliates, have or may have against the other party or such other party’s affiliates in connection with the allegation or otherwise as of the date of the settlement agreement.

Upon the automatic conversion of NRM’s shares of our Series B convertible preferred stock into shares of our common stock on April 8, 2016, we became obligated to pay NRM accrued dividends in the

amount of approximately \$914,000. Upon NRM's receipt of the \$2.0 million settlement payment described above, our accrued dividends payment obligation to NRM was extinguished.

Employment Agreements

We have entered into compensatory arrangements with our executive officers, as more fully described in the section above entitled "Executive Compensation."

Stock Options Granted to Executive Officers and Directors

We have granted stock options to our executive officers and directors, as more fully described in the sections above entitled "Executive Compensation" and "Non-Employee Director Compensation."

Indemnification Agreements

We have entered, and intend to continue to enter, into separate indemnification agreements with each of our directors and executive officers, as described in the sections above entitled "Executive Compensation" and "Non-Employee Director Compensation."

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Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for annual meeting materials with respect to two or more shareholders sharing the same address by delivering a single set of annual meeting materials addressed to those shareholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for shareholders and cost savings for companies. This year, a number of brokers with account holders who are AmpliPhi shareholders will be “householding” the Company’s proxy materials. A single set of annual meeting materials will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate set of annual meeting materials, please notify your broker or AmpliPhi. Direct your written request to AmpliPhi Biosciences Corporation, Attn: Investor Relations, 3579 Valley Centre Drive, Suite 100, San Diego, California 92130 or contact Matt Dansey at (858) 800-4869. Shareholders who currently receive multiple copies of the annual meeting materials at their addresses and would like to request “householding” of their communications should contact their brokers.

Other Matters

The Board of Directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors,

Jeremy Curnock Cook

Chairman of the Board of Directors

San Diego, California

November , 2018

A copy of the Company’s Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2017 is available without charge upon written request to: Secretary, AmpliPhi Biosciences Corporation, 3579 Valley Centre Drive, Suite 100, San Diego, California 92130. We will furnish a copy of any exhibit to such report upon written request and payment of reasonable expenses in furnishing such exhibit.

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Appendix A
ARTICLES OF AMENDMENT TO
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF

AMPLIPHI BIOSCIENCES CORPORATION

(a Washington corporation)

Pursuant to the provisions of the Washington Business Corporation Act (the “WBCA”), RCW 23B.10.020, RCW 23B.10.030 and RCW 23B.10.060, the undersigned corporation hereby submits these Articles of Amendment for filing:

FIRST: The name of the corporation is AmpliPhi Biosciences Corporation (the “Corporation”).

SECOND: On September 28, 2018, the Board of Directors of the Corporation adopted resolutions amending its Amended and Restated Articles of Incorporation (“Amended Articles”), as follows:

Section 4.1 of Article 4 of the Amended Articles is hereby amended and restated to read in its entirety as follows:

“4.1 Authorized Capital.

The total authorized stock of this corporation shall consist of 217,000,000 shares of Common Stock, par value \$0.01 per share, and 10,000,000 shares of Preferred Stock, par value \$0.01 per share.”

THIRD: The foregoing amendment was submitted to the shareholders of the Corporation for their approval at the Corporation’s annual meeting of shareholders which was duly called and held, upon notice, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment. Accordingly, said amendment was duly adopted in accordance with the provisions of RCW 23B.10.030.

FOURTH: These Articles of Amendment shall become effective upon filing with the Secretary of State of the State of Washington.

IN WITNESS WHEREOF, AmpliPhi Biosciences Corporation has caused these Articles of Amendment to be executed by its duly authorized officer on December 11, 2018.

AMPLIPHI BIOSCIENCES CORPORATION

By:

Paul C. Grint, M.D.
Chief Executive Officer

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Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. X02XPCA1 U P X +q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. qAnnual Meeting Proxy Card.B Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title. Date (mm/dd/yyyy) — Please print date below. Signature 1 — Please keep signature within the box. Signature 2 — Please keep signature within the box.+A Proposals — The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 – 4. For Against Abstain 2. Approval of an amendment to AmpliPhi Biosciences Corporation's Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 67,000,000 shares to 217,000,000 shares. 4. Ratification of the Audit Committee's selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. For Against Abstain 3. Authorization of the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes in favor of Proposal 2. 01 - Jeremy Curnock Cook 02 - Paul C. Grint 1. Election of Directors: For Withhold For Withhold IMPORTANT ANNUAL MEETING INFORMATION 3 9 4 2 8 7 2

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. .Notice of 2018 Annual Meeting of Shareholders Offices of Cooley LLP 4401 Eastgate Mall San Diego, California 92121 Proxy Solicited by Board of Directors for Annual Meeting – December 17, 2018 Paul C. Grint and Steve R. Martin, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Shareholders of AmpliPhi Biosciences Corporation to be held on December 17, 2018 or at any postponement or adjournment thereof. Shares represented by this proxy will be voted by the shareholder. If no such directions are indicated, the Proxies will have authority to vote FOR the election of both nominees for director, FOR the amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 67,000,000 shares to 217,000,000 shares, FOR the authorization of the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes in favor of Proposal 2 and FOR ratification of the Audit Committee's selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting. (Items to be voted appear on reverse side.) Proxy — AmpliPhi Biosciences Corporation 2018 Annual Meeting of AmpliPhi Biosciences Corporation Shareholders December 17, 2018 at 8:00 a.m. Local Time Offices of Cooley LLP 4401 Eastgate Mall, San Diego, California 92121

.Notice of 2018 Annual Meeting of Shareholders Offices of Cooley LLP 4401 Eastgate Mall San Diego, California 92121 Proxy Solicited by Board of Directors for Annual Meeting – December 17, 2018 Paul C. Grint and Steve R. Martin, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Shareholders of AmpliPhi Biosciences Corporation to be held on December 17, 2018 or at any postponement or adjournment thereof. Shares represented by this proxy will be voted by the shareholder. If no such directions are indicated, the Proxies will have authority to vote FOR the election of both nominees for director, FOR the amendment to the Company's Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 67,000,000 shares to 217,000,000 shares, FOR the authorization of the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes in favor of Proposal 2 and FOR ratification of the Audit Committee's selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting. (Items to be voted appear on reverse side.) Proxy — AmpliPhi Biosciences Corporation 2018 Annual Meeting of AmpliPhi Biosciences Corporation Shareholders December 17, 2018 at 8:00 a.m. Local Time Offices of Cooley LLP 4401 Eastgate Mall, San Diego, California 92121 q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q
