

AmpliPhi Biosciences Corp
Form DEF 14A
April 30, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

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 under §240.14a-12

AMPLIPHIBIOSCIENCES CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 30, 2014

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders on Friday, June 27, 2014 at 10:00 a.m., local time, at 12531 High Bluff Drive, Suite 100, San Diego, California.

Only shareholders who owned common stock at the close of business on April 25, 2014 can vote at the Meeting or any adjournment that may take place. At the Annual Meeting, the shareholders will:

1. Elect two Class II directors to serve until the annual meeting of shareholders in 2017;
2. Ratify the appointment of PBMares, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; and
3. Transact any other business properly brought before the Annual Meeting.

You can find more information about each of these items, including the nominees for directors, in the attached Proxy Statement.

The Board of Directors recommends that you vote in favor of each of the two proposals outlined in the attached Proxy Statement.

All shareholders are cordially invited to attend the Annual Meeting in person. Enclosed are a Notice of Annual Meeting of Shareholders and Proxy Statement describing the formal business to be conducted at the meeting. We are also providing proxy material access to our shareholders via the Internet. Accordingly, you can access the proxy materials and vote at www.proxyvote.com. Please give the proxy materials your careful attention.

After reading the Proxy Statement, please promptly mark, sign, and return the enclosed proxy in the prepaid envelope to assure that your shares will be represented. You may also vote via the Internet or by telephone by following the instructions on your proxy card. In order to vote via the Internet or by telephone, you must have the shareholder

identification number which is provided in your Notice. If you attend the Annual Meeting, you may vote in person even if you have previously returned your proxy card or have voted via the Internet or by telephone. Please review the instructions for each voting option described in this Proxy Statement. Your prompt cooperation will be greatly appreciated.

Sincerely,

/s/ Philip J. Young

Philip J. Young
President and Chief Executive Officer

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AMPLIPHI BIOSCIENCES CORPORATION

4870 Sadler Road, Suite 300

Glen Allen, Virginia 23060

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held June 27, 2014

The 2014 Annual Meeting of Shareholders of AmpliPhi Biosciences Corporation will be held on Friday, June 27, 2014 at 10:00 a.m., local time, at 12531 High Bluff Drive, Suite 100, San Diego, California, for the following purposes, as more fully described in the proxy statement accompanying this notice:

- To elect two Class II directors to our Board of Directors, with the Class II directors to serve for a three-year term expiring at the annual meeting of shareholders in 2017 or until her successor is duly elected and qualified;
- To ratify the selection of PBMares, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014; and
- To transact any other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Our Board of Directors has fixed the close of business on April 25, 2014 as the record date for the Annual Meeting. Only holders of record of our stock on the record date are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

Your vote is very important. You may vote your shares via the Internet or by telephone by following the instructions on your proxy card and on www.proxyvote.com, or by signing, voting and returning the proxy card to Broadridge Financial Solutions, 51 Mercedes Way, Edgewood, New York 11717. For specific instructions on how to vote your shares, please review the instructions for each of these voting options as detailed in your Notice and in this Proxy Statement. If you attend the Annual Meeting, you may vote in person even if you have previously voted via the Internet, by telephone or by returning your proxy card.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE PROMPTLY COMPLETE YOUR PROXY AS INDICATED ABOVE IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES. PLEASE REVIEW THE INSTRUCTIONS FOR EACH OF YOUR VOTING OPTIONS DESCRIBED IN THIS PROXY STATEMENT AND THE ENCLOSED PROXY CARD.

The approximate date of mailing the proxy statement and the accompanying proxy card is May 9, 2014. This Proxy Statement and the form of proxy were first made available to shareholders on or about April 30, 2014.

By order of the Board of Directors,

/s/ Philip J. Young

Philip J. Young
President and Chief Executive Officer
Glen Allen, Virginia
April 30, 2014

AMPLIPHI BIOSCIENCES CORPORATION

4870 Sadler Road, Suite 300

Glen Allen, Virginia 23060

PROXY STATEMENT

FOR

2014 ANNUAL MEETING OF SHAREHOLDERS

This proxy statement is being furnished to holders of shares of common stock of AmpliPhi Biosciences Corporation, a Washington corporation, in connection with the solicitation of proxies by our Board of Directors for use at our 2014 Annual Meeting of Shareholders, and at any adjournments or postponements thereof. We will hold the Annual Meeting on Friday, June 27, 2014, at 10:00 a.m. local time at 12531 High Bluff Drive, Suite 100, San Diego, California. This proxy statement and the accompanying proxy card are first being mailed to shareholders entitled to vote at the Annual Meeting on or about May 9, 2014.

GENERAL INFORMATION ABOUT THE MEETING, SOLICITATION AND VOTING

What is the purpose of the annual meeting?

There are two proposals scheduled to be voted on at the Annual Meeting of Shareholders:

1. To elect two to each serve a term of three years expiring at the 2017 Annual Meeting of Shareholders; and
2. To ratify the appointment of PBMares, LLP as our independent registered public accounting firm.

Who is entitled to vote?

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Shareholders as of the close of business on April 25, 2014 (the “Record Date”) may vote at the Annual Meeting of Shareholders. You have one vote for each share of common stock you held on the Record Date. The holders of the Series B Convertible Preferred Stock are entitled to that number of votes equal to the number of shares of the common stock into which the Series B Convertible Preferred Stock may be converted as of the date such vote is held. Shares entitled to vote include shares held as of the Record Date that are:

- Held directly in your name as “shareholder of record” (also referred to as “registered shareholder”); and

Held for you in an account with a broker, bank or other nominee (shares held in “street name”). Street name holders generally cannot vote their shares directly and must instead instruct the brokerage firm, bank or nominee how to vote their shares.

What constitutes a quorum?

A majority of the outstanding shares entitled to vote, present in person or represented by proxy, constitutes a quorum for the Annual Meeting of Shareholders. Abstentions are counted as present and entitled to vote for purposes of determining a quorum. “Broker non-votes” (described below) are also counted as present and entitled to vote for purposes of determining a quorum. As of the Record Date, 182,535,562 shares of AmpliPhi common stock were outstanding and entitled to vote and 8,859,978 shares of Series B Convertible Preferred Stock, each which is convertible into 10 shares of common stock, were outstanding and entitled to vote. The holders of the Series B Convertible Preferred Stock are entitled to the number of votes equal to the number of shares of the common stock into which the Series B Convertible Preferred Stock may be converted as of the date such vote is held.

How many votes are required to approve each proposal?

Proposal No. 1: The two Class II directors who receive the greatest number of affirmative votes cast at the Annual Meeting, in person or by proxy, will be elected to the Board of Directors. You are not entitled to cumulate votes in electing directors.

Proposal No. 2: The affirmative vote of the holders of shares representing a majority of the votes cast at the Annual Meeting, in person or by proxy, is required to ratify the selection of PBMares, LLP as our independent registered public accounting firm.

How are votes counted and who are the proxies?

You may either vote “FOR” or “WITHHOLD” authority to vote for each nominee for the Board of Directors. Shares present or represented and not so marked as to withhold authority to vote for a particular nominee will be voted in favor of a particular nominee and will be counted toward such nominee’s achievement of a plurality. Shares present at the meeting or represented by proxy where the shareholder properly withholds authority to vote for such nominee in accordance with the proxy instructions and “broker non-votes” will not be counted toward such nominee’s achievement of plurality.

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the ratification of PBMares, LLP. If you abstain from voting on the proposal to ratify PBMares, LLP, it will have no effect on the voting of the proposal. Brokers, bankers and other nominees have discretionary voting power on this routine matter and, accordingly, “broker non-votes” will have no effect on the ratification.

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The persons named as attorneys-in-fact in the proxies, Philip J. Young and Kelley A. Wendt, were selected by the Board of Directors and are officers of AmpliPhi. All properly executed proxies submitted in time to be counted at the Annual Meeting will be voted by such persons at the Annual Meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications.

What is a broker non-vote?

If you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote (a “broker non-vote”). Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers are counted as present for the purpose of determining whether there is a quorum at the Annual Meeting of Shareholders, but are not counted or deemed to be present or represented for the purpose of determining whether shareholders have approved that matter. Pursuant to applicable rules, brokers will have discretionary authority to vote on the proposal to ratify the appointment of PBMares, LLP.

How does the Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote your shares:

“FOR” each of the nominees to the Board of Directors; and

“FOR” the ratification of the appointment of PBMares, LLP as AmpliPhi’s independent registered public accounting firm for fiscal year ending December 31, 2014.

How do I vote my shares without attending the meeting?

If you are a shareholder of record, you may vote by granting a proxy. For shares held in street name, you may vote by submitting voting instructions to your broker or nominee. In any circumstance, you may vote:

By Mail — You may vote by mail by signing and dating your proxy card and mailing it in the envelope provided. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as guardian, executor, trustee, custodian, attorney or officer of a corporation), you should indicate your name and title or capacity.

By Internet or Telephone — You may vote by Internet or telephone by following the voting instructions on the proxy card and on www.proxyvote.com or as directed by your broker or other nominee. In order to vote via the Internet or by telephone, you must have the shareholder identification number which is provided in your Notice.

Internet and telephone voting facilities will close at 11:59 p.m., Eastern Standard Time, on June 26, 2014.

How do I vote my shares in person at the meeting?

If you are a shareholder of record (also referred to as “registered shareholder”) and prefer to vote your shares in person at the meeting, bring proof of identification and request a ballot to vote at the meeting. You may vote shares held in street name only if you obtain a signed proxy from the record holder (broker or other nominee) giving you the right to vote the shares.

Even if you plan to attend the meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted even if you are unable to attend the meeting.

What does it mean if I receive more than one proxy card?

It generally means you hold shares registered in more than one account. To ensure that all your shares are voted, vote according to the instructions for each proxy card you receive.

May I change my vote?

Yes. Whether you have voted by Internet, telephone or mail you may change your vote and revoke your proxy by:

- Sending a written statement to that effect to the Corporate Secretary of AmpliPhi;
- Voting by Internet or telephone at a later time;
- Submitting a properly signed proxy card with a later date; or
- Voting in person at the Annual Meeting of Shareholders.

Who pays the cost of soliciting votes for the Annual Meeting?

We will bear the cost of soliciting proxies from our shareholders. In addition to solicitation by mail, our directors, officers and employees may solicit proxies by telephone, e-mail, in person or otherwise. We will not additionally compensate our directors, officers and employees for this solicitation but will reimburse them for any out-of-pocket expenses that they incur. We will reimburse persons who hold our common stock of record but not beneficially, such as brokerage firms, nominees, fiduciaries and other custodians, for the reasonable expenses they incur in forwarding solicitation materials to, and requesting authority for the exercise of proxies from, the persons for whom they hold the shares.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Bylaws provide that the Board of Directors will consist of not less than one nor more than nine members, as fixed from time to time by a resolution of the Board of Directors. Our Board is divided into three classes serving staggered three-year terms as follows:

The Class I directors are Jeremy Curnock Cook and Louis Drapeau and their terms will expire at our annual meeting of stockholders to be held in 2016;

The Class II directors are Julian P. Kirk and Michael S. Perry and their terms will expire at our annual meeting of stockholders to be held in 2014; and

The Class III directors are Philip J. Young and Anthony Smithyman and their terms will expire at our annual meeting of stockholders to be held in 2015.

Starting at the 2014 Annual Meeting of Shareholders, directors for each class will be elected at the Annual Meeting of Shareholders held in the year in which the term for their class expires. The Board of Directors currently consists of six directors. The persons named below as nominees for director will, if elected, each serve a term of three years expiring at the 2017 Annual Meeting of Shareholders and until their successors are elected and qualified.

The table below sets forth AmpliPhi's directors and nominees and their respective ages as of this Proxy Statement.

Name	Age	Position
Philip J. Young	56	President, Chief Executive Officer and Director
Jeremy Curnock Cook ⁽¹⁾⁽²⁾⁽³⁾	64	Chairman of the Board
Louis Drapeau ⁽¹⁾⁽²⁾⁽³⁾	70	Director
Michael S. Perry, Ph.D.* ⁽¹⁾⁽²⁾⁽³⁾	55	Director
Anthony Smithyman, Ph.D.	65	Director
Julian P. Kirk*	40	Director

* Director nominee.

- (1) Member of the audit committee.
- (2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

No events listed in Item 401(f) of Regulation S-K have occurred during the past 10 years that are material to the evaluation of the ability or integrity of any of our directors.

Director Nominees for Election at the 2014 Annual Meeting of Shareholders

The biographical description below for each director nominee includes the specific experience, qualifications, attributes and skills that led to the conclusion by the Board of Directors that such person should serve as a director of AmpliPhi.

Michael S. Perry, D.V.M., Ph.D. has served as a member of our Board of Directors since November 2005. Dr. Perry is currently Global Head of Stem Cell Therapy and Vice President of the Integrated Hospital Care Franchise for Novartis Pharmaceuticals Corporation. Prior to joining Novartis in 2012, he was a Venture Partner with Bay City Capital, a venture capital firm, from 2005 to 2012. While serving in this capacity, he concurrently served as President and Chief Medical Officer at Poniard Pharmaceuticals, Inc., a publicly held drug development company, from 2009 to 2011 and also previously served as Chief Development Officer of VIA Pharmaceuticals, Inc., another publicly held biotechnology company, from 2005 to 2009. Dr. Perry served as chairman and Chief Executive Officer of Extropy Pharmaceuticals, Inc., a privately held pediatric specialty pharmaceutical company, from 2003 to 2005. From 2002 to 2003, Dr. Perry served as President and Chief Executive Officer of Pharsight Corporation, a publicly held software and consulting services firm. From 2000 to 2002, Dr. Perry served as Global Head of Research and Development for Baxter Healthcare. From 1997 to 2000, Dr. Perry was President and Chief Executive Officer of both SyStemix Inc. and Genetic Therapy Inc., two wholly owned subsidiaries of Novartis Pharma; he was Vice President of Regulatory Affairs for Novartis from 1994 to 1997. Prior to 1994, Dr. Perry held various management positions with Syntex Corporation, Schering-Plough Corporation and BioResearch Laboratories, Inc. Dr. Perry holds a Doctor of Veterinary Medicine, a Ph.D. in Biomedical Science-CardioPulmonary Pharmacology and a B.S. in Physics from the University of Guelph. He also serves as a member of the board of Arrowhead Research Corporation and of Avita Medical Ltd. Dr. Perry brings to the board substantial scientific and medical knowledge, as well as operational and investing experience.

Julian P. Kirk has served as a member of our Board of Directors since June 2013. Mr. Kirk is a Managing Director of Third Security, LLC, where he has worked since the firm's inception with several portfolio companies of its managed investment funds. He is also involved with oversight of Third Security, LLC's internal operations. Since October 2012, he has served on the Board of Directors of Fibrocell Science, Inc. Since August 2010, he has served on the board of the New River Valley Economic Development Alliance. From October 2006 until December 2011, he served as member of the Board of Directors of IntelliMat, Inc. and as co-chairman of the board between September 2008 and December 2011. From September 2005 until December 2011, Mr. Kirk served as President of Harvest Pharmaceuticals Inc. Mr. Kirk also served as chairman of the board of managers of ECDS, LLC from June 2008 until March 2010. Mr. Kirk graduated as an Echols Scholar from the University of Virginia. Mr. Kirk brings to our board significant financial and operations expertise within our industry.

Class I Directors – Term Expiring in 2016

Jeremy Curnock Cook has served as a member of our Board of Directors since July 1995 and as chairman of the Board of Directors since February 1998. Mr. Curnock Cook has served as Chairman of International Bioscience Managers Limited, a corporate and investment advisory firm since 2000, and also currently serves as Managing Director of Bioscience Managers Pty Ltd, a medical sciences fund manager. From 1987 to 2000, Mr. Curnock Cook was a director of Rothschild Asset Management Limited, a corporate and investment advisory company, and was responsible for the Rothschild Bioscience Unit. Mr. Curnock Cook founded the International Biochemicals Group in 1975, which was sold in 1985 to Royal Dutch Shell, where he served as managing director until 1987. Mr. Curnock Cook holds an M.A. in natural sciences from Trinity College, Dublin. He also serves as a member of the board of Avita Medical Ltd, Nexus6 Ltd and SeaDragon Ltd. Mr. Curnock Cook brings to the board significant experience as an investor in and board member of multiple biotechnology companies.

Louis Drapeau has served as a member of our Board of Directors since March 2011. Mr. Drapeau currently serves as Vice President and Chief Financial officer of InSite Vision, an ophthalmology drug development company, a position he has held since October 2007. From November 2008 until December 2010, he was also CEO of InSite Vision. Prior to InSite Vision, he served as Chief Financial Officer, Senior Vice President, Finance, at Nektar Therapeutics, a biopharmaceutical company, from January 2006 to August 2007. Prior to Nektar, he served as Acting Chief Executive Officer from August 2004 to May 2005 and as Senior Vice President and Chief Financial Officer from August 2002 to August 2005 for BioMarin Pharmaceutical Inc. Previously, Mr. Drapeau spent 30 years at Arthur Andersen, including 19 years as an Audit Partner in Arthur Andersen's Northern California Audit and Business Consulting practice, which included 12 years as Managing Partner. Mr. Drapeau received both his undergraduate degree in mechanical engineering and an M.B.A. from Stanford University. He also serves as a member of the board of Bio-Rad Laboratories and InterMune, Inc. Mr. Drapeau is able to provide valuable input with respect to accounting and financial matters as a result of his experience.

Class III Directors – Term Expiring in 2015

Philip J. Young has served as our President, Chief Executive Officer and Director since November 2011. Mr. Young is a U.S.-based long-time executive in the biopharmaceuticals industry. He is the former President and CEO of Osteologix, Inc., a global biopharmaceutical company, which is currently based in Ireland. Prior to joining Osteologix, Mr. Young served as an Executive Vice President and Chief Business Officer for Insmad Inc., a publicly traded biotechnology company, from 2004 to 2007. Prior to Insmad Inc., Mr. Young held executive positions at Elan Corporation, Neurex Corporation, and Pharmacia Corporation. Mr. Young started his career in the biopharmaceuticals industry at Genentech, Inc. Mr. Young received a B.S. in Sociology with minors in Business and Psychology from James Madison University.

Anthony Smithyman, Ph.D. joined our Board of Directors in November 2012 following the merger with Special Phage Services Pty Ltd of Sydney, Australia. Born in Malawi, Central Africa, Dr. Smithyman was educated in Scotland and obtained a B.Sc. from the University of St. Andrews, followed by a Ph.D. in Bacteriology and Immunology from Glasgow University. After completing a two-year post-doctoral Fellowship at the Sloan-Kettering Cancer Center in New York in 1978, he joined ICI Pharmaceuticals Ltd in Alderley Edge, Cheshire, England as Laboratory Head in the Immunology Department before moving to Australia in 1982. Dr. Smithyman has been involved with the Australian biotechnology industry for over 30 years, including as the current Managing Director of Cellabs Pty Ltd., a longstanding Australian biotechnology company. In 2004, Dr. Smithyman established Special Phage Services Pty Ltd to develop novel phage therapeutics for the human health, veterinary and aquaculture industries. Dr. Smithyman's experience in the biotechnology industry, and with phage therapeutics specifically, bring a valuable perspective to our board.

Vote Required and Board of Directors' Recommendation

The affirmative vote of a plurality of the total shares of common stock represented in person or by proxy and entitled to vote is required for the election of each of the nominees. It is the intention of the persons named as proxies to vote such proxy FOR the election of all nominees, unless otherwise directed by the shareholder. The Board of Directors knows of no reason why any of the nominees would be unable or unwilling to serve, but if any nominee should for any reason be unable or unwilling to serve, the proxies will be voted for the election of such other person for the office of director as the Board of Directors may recommend in the place of such nominee.

Shares present or represented and not so marked as to withhold authority to vote for a particular nominee will be voted in favor of a particular nominee and will be counted toward such nominee's achievement of a plurality. Shares present at the meeting or represented by proxy where the shareholder properly withholds authority to vote for such nominee in accordance with the proxy instructions and "broker non-votes" will not be counted toward such nominee's achievement of plurality.

The Board of Directors recommends that shareholders vote FOR the election of each nominee named in the above table.

Board Meetings and Committees

Director Attendance

During the year ended December 31, 2013, the Board of Directors held twelve meetings. Each director attended at least 75% of the aggregate of the meetings of the Board of Directors and the committees on which such director served. The Company does not have a formal policy regarding director attendance at annual meetings.

Audit Committee

The audit committee, established in September 2008, is comprised of three members, each of whom is a non-employee member of the Board of Directors. The committee's members meet the independence and financial literacy requirements under the Exchange Act, and related SEC rules, and NYSE MKT listing requirements. In addition, at least one member of the committee is qualified as an "audit committee financial expert" as defined in SEC

rules. The audit committee consists of Jeremy Curnock Cook, Louis Drapeau and Michael S. Perry. Louis Drapeau has been designated our “audit committee financial expert” and serves as the chair of the audit committee. The audit committee operates under a charter approved by our board. The audit committee held four meetings during the last fiscal year. A copy of the audit committee’s charter is available on the Internet at our website at www.ampliphio.com, in the “Investor Relations” section.

Among other matters, the audit committee monitors the activities and performance of our external auditors, including the audit scope, external audit fees, auditor independence matters and the extent to which the independent registered public accounting firm may be retained to perform non-audit services. Our independent registered public accounting firm, PBMares, LLP, provides the Audit Committee with the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence, and the audit committee discusses with the independent registered public accounting firm and management that firm’s independence.

Compensation Committee

The compensation committee, established in January 2004, is comprised of three members, each of whom is a non-employee member of the Board of Directors. The committee's members meet the independence standards under NYSE MKT listing requirements. The compensation committee consists of Jeremy Curnock Cook, Louis Drapeau and Michael S. Perry. Michael S. Perry serves as the chair of the compensation committee. The compensation committee operates under a charter approved by our board. The compensation committee held two meetings during the last fiscal year. A copy of the compensation committee's charter is available on the Internet at our website at www.ampliphio.com, in the "Investor Relations" section.

The functions of the compensation committee include, among other things:

- reviewing and approving the Company's compensation programs and arrangements applicable to its officers;
- determining the objectives of the Company's executive officer compensation programs;

ensuring appropriate corporate performance measures and goals regarding executive officer compensation are set and determine the extent to which they are achieved and any related compensation earned;

- reviewing and establish the Company's goals and objectives relevant to CEO compensation; and
- monitoring the administration of the Company's incentive-compensation plans and equity-based plans.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee, established in March 2004, is comprised of three members, each of whom is a non-employee member of the Board of Directors. The committee's members meet the independence standards under NYSE MKT listing requirements. The nominating and corporate governance committee consists of Jeremy Curnock Cook, Louis Drapeau and Michael S. Perry. Jeremy Curnock Cook serves as the chair of the nominating and corporate governance committee. The nominating and corporate governance committee operates under a charter approved by our board. The nominating and corporate governance committee held one meeting during the last fiscal year. A copy of the nominating and corporate governance committee's charter is available on the Internet at our website at www.ampliphio.com, in the "Investor Relations" section.

The nominating and corporate governance committee identifies, evaluates and recommends to the Board individuals, including individuals proposed by shareholders, qualified to serve as members of the Board and the nominees for election as directors at the next annual or special meeting of shareholders at which directors are to be elected. The functions of the nominating and corporate governance committee include, among other things, developing and recommending to the Board of Directors criteria for board membership to assist the board in identifying and attracting candidates to become directors and conducting inquiries into the backgrounds, qualifications and skills of potential candidates and selecting and approving potential candidates for nomination as directors.

Director Nominations

As described below, the Company has adopted policies for identifying and evaluating director candidates.

Consideration of Director Candidates Recommended by Shareholders

It is the policy of the Board to consider any director candidates recommended by a shareholder of the Company, provided the information regarding director candidates recommended by a shareholder is submitted to the Board in compliance with this policy and AmpliPhi's Bylaws.

Qualifications of Board Candidates

There are no specific, minimum qualifications that the Board requires to be met by a director nominee recommended for membership on the Board, nor are there any specific qualities or skills that are necessary for one or more of the Company's directors to possess, other than as are necessary to meet any requirements under rules and regulations (including any stock exchange rules) applicable to the Company, including any independence and financial literacy tests (as such terms may be defined under any stock exchange rules then applicable to the Company).

Notwithstanding the foregoing, the Board considers a potential candidate's experience, areas of expertise, and other factors relative to the overall composition of the Board, including those set forth below.

Process for Identification and Evaluation of Director Candidates

The Company believes that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure. Accordingly, the process for identifying nominees reflects the Company's practice of re-nominating incumbent directors who continue to satisfy the criteria for membership on the Board, whom the independent members of the Board believe continue to make important contributions to the Board and who consent to continue their service on the Board. Consistent with this policy, in considering candidates for election at annual meetings of shareholders, the independent members of the Board will first determine the incumbent directors whose terms expire at the upcoming meeting and who wish to continue their service on the Board.

The independent members of the Board will evaluate the qualifications and performance of the incumbent directors that desire to continue their service. In particular, as to each such incumbent director, the independent members of the Board will (i) consider if the director continues to satisfy the minimum qualifications for director candidates adopted by the independent members of the Board, (ii) review any assessments of the performance of the director during the preceding term made by the Board, and (iii) determine whether there exist any special, countervailing considerations against re-nomination of the director.

If the independent members of the Board determine that an incumbent director consenting to re-nomination continues to be qualified and has satisfactorily performed his or her duties as director during the preceding term, and there exist no reasons, including considerations relating to the composition and functional needs of the Board as a whole, why in the view of the independent members of the Board the incumbent should not be re-nominated, the independent members of the Board will, absent special circumstances, propose the incumbent director for re-election.

The process by the independent members of the Board for identifying and evaluating nominees for director, including nominees recommended by a shareholder, involves (with or without the assistance of a retained search firm):

- compiling names of potentially eligible candidates;

- conducting background and reference checks;

- conducting interviews with candidates and/or others (as schedules permit);

- meeting to consider and approve final candidates; and

as appropriate, preparing and presenting to the full Board an analysis with regard to particular recommended candidates.

During the search process, the independent directors endeavor to identify director nominees who have the highest personal and professional integrity, have demonstrated exceptional ability and judgment, and, together with other director nominees and members, shall effectively serve the long-term interests of the Company's shareholders and contribute to the Company's overall corporate goals.

In considering potential new directors, the independent members of the Board will review individuals from various disciplines and backgrounds. Among the qualifications to be considered in the selection of candidates are:

- personal and professional integrity;
- broad experience in business, finance or administration;
- familiarity with the Company's industry; and
- prominence and reputation.

Since prominence and reputation in a particular profession or field of endeavor are what bring most persons to the Board's attention, there is also further consideration of whether the individual has the time available to devote to the work of the Board and one or more of its committees. Nominees will be screened to ensure each candidate has qualifications which complement the overall core competencies of the Board. A review is also to be made of the activities and associations of each candidate to ensure that there is no legal impediment, conflict of interest, or other consideration that might hinder or prevent service on the Board. The screening process includes a background evaluation and a review of the potential nominee's qualification as an independent director under applicable rules and regulations (including the rules and regulations of the SEC and any applicable stock exchange).

There are no differences in the manner in which the Board considers and evaluates nominees for director based on whether the nominee is recommended by a shareholder.

Board of Directors Leadership Structure

Our Board of Directors has a chairman, Jeremy Curnock Cook, who has authority, among other things, to call and preside over board meetings, to set meeting agendas and to determine materials to be distributed to the Board of Directors. Accordingly, the chairman has substantial ability to shape the work of the Board of Directors. We believe that separation of the positions of chairman and chief executive officer reinforces the independence of the board in its oversight of our business and affairs. In addition, we believe that having a separate board chairman creates an environment that is more conducive to objective evaluation and oversight of management's performance, increasing management accountability and improving the ability of the Board of Directors to monitor whether management's actions are in the best interests of us and our stockholders. As a result, we believe that having a separate board chairman can enhance the effectiveness of the Board of Directors as a whole.

Shareholder Communications with Board of Directors

Interested shareholders can send communications to our Board of Directors, a committee of our Board of Directors and individual directors by writing to them care of: Corporate Secretary, AmpliPhi Biosciences Corp, 4870 Sadler Rd, Suite 300, Glen Allen, Virginia 23060. The outside of the envelope should prominently indicate for whom the correspondence is intended. The Corporate Secretary will forward such communication to our Board of Directors, the appropriate committee of our Board of Directors or individual directors, as the case may be, unless the communication is unduly hostile, threatening, illegal or similarly inappropriate, in which case the Corporate Secretary has the authority to discard the communication or take appropriate legal action regarding the communication.

Code of Business Conduct and Ethics

We adopted a code of business conduct and ethics that applies to all of our employees, officers and directors including those officers responsible for financial reporting. Following our initial public offering, the code of business conduct and ethics will be available on our website at <http://www.ampliphio.com>. We intend to disclose future amendments to the code or any waivers of its requirements on our website to the extent permitted by the applicable rules and exchange requirements.

Board of Directors Member Independence

Under the listing requirements and rules of the NYSE MKT, independent directors must compose a majority of a listed company's Board of Directors within a one-year period following the completion of our initial public offering. In addition, applicable NYSE MKT rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating committees must be independent within the meaning of applicable NYSE rules. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act.

In October 2013, our Board of Directors undertook a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. In making this determination, our Board of Directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director. As a result of this review, our Board of Directors determined that Messrs. Jeremy Curnock Cook, Louis Drapeau and Michael Perry qualify as "independent" directors within the meaning of the NYSE MKT rules. As required under applicable NYSE MKT rules, we anticipate that our independent directors will meet in regularly scheduled executive sessions at which only independent directors are present.

Role of the Board in Risk Oversight

Our audit committee is primarily responsible for overseeing our financial risk management processes on behalf of the full Board of Directors. Going forward, we expect that the audit committee will receive reports from management at least quarterly regarding our assessment of risks. In addition, the audit committee reports regularly to the full Board of Directors, which also considers our risk profile. The audit committee and the full Board of Directors focus on the most significant risks we face and our general risk management strategies. While the board oversees our risk management, management is responsible for day-to-day risk management processes. Our Board of Directors expects management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the audit committee and the Board of Directors. We believe this division of responsibilities is the most effective approach for addressing the risks we face and that our board leadership structure, which also emphasizes the independence of the board in its oversight of its business and affairs, supports this approach.