

ORGANOVO HOLDINGS, INC.  
Form DEF 14A  
July 12, 2013

**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

**Organovo Holdings, Inc.**

(Name of Registrant as Specified In Its Charter)

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**Organovo Holdings, Inc.**

**6275 Nancy Ridge Dr.**

**San Diego, CA 92121**

July 12, 2013

Dear Stockholder:

You are cordially invited to attend this year's annual meeting of stockholders of Organovo Holdings, Inc. on Wednesday, August 21, 2013 at 9:00 a.m. (local time). The meeting will be held at our corporate offices located at 6275 Nancy Ridge Dr., Suite 110, San Diego, California 92121.

We are pleased to take advantage of the Securities and Exchange Commission (the "SEC") rule that allows companies to furnish proxy materials primarily over the Internet. We believe that this will allow us to promptly provide proxy materials to you, while lowering the costs of distribution and reducing the environmental impact of our annual meeting.

On July 12, 2013, we mailed to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy materials, including our Proxy Statement and Annual Report to Stockholders for the three-month transition period ended March 31, 2013 and the fiscal years ended December 31, 2010, 2011 and 2012, over the Internet. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how you can receive a paper copy of the proxy materials by mail. If you receive your proxy materials by mail, the Annual Report, the Notice of Annual Meeting, the Proxy Statement, and proxy card will be enclosed. If you receive your proxy materials via e-mail, the e-mail will contain voting instructions and links to the Annual Report and the Proxy Statement on the Internet, both of which are available at [www.proxyvote.com](http://www.proxyvote.com).

The matters to be acted upon are described in the Notice of Annual Meeting of Stockholders and Proxy Statement. Following the formal business of the meeting, we will report on our operations and respond to questions from stockholders.

Whether or not you plan to attend the meeting, your vote is very important and we encourage you to vote promptly. You may vote by proxy over the Internet or by telephone, or, if you received paper copies of the proxy materials by mail, you can also vote by mail by following the instructions on the proxy card. If you attend the meeting you will, of course, have the right to revoke the proxy and vote your shares in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from your brokerage firm, bank or other nominee to vote your shares.

We look forward to seeing you at the annual meeting.

Sincerely yours,

/s/ Keith Murphy

Keith Murphy

*Chairman of the Board, Chief Executive Officer and President*

**ORGANOVO HOLDINGS, INC.**

**NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON AUGUST 21, 2013**

**To Our Stockholders:**

The 2013 annual meeting of stockholders of Organovo Holdings, Inc. will be held at our corporate offices located at 6275 Nancy Ridge Dr., Suite 110, San Diego, California 92121 on August 21, 2013 at 9:00 a.m. (local time) for the following purposes:

1. To elect Tamar Howson and Richard Heyman, PhD as Class II Directors to hold office until the 2016 annual meeting of stockholders and until their respective successors are elected and qualified;
2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending March 31, 2014;
3. To hold a non-binding advisory vote on the compensation of our named executive officers;
4. To hold a non-binding advisory vote on the frequency of the advisory vote on executive compensation;
5. To approve an amendment to the 2012 Equity Incentive Plan to increase the number of shares of Common Stock issuable under the Plan by 5,000,000 shares; and

6. To transact such other business as may properly be brought before the meeting or any adjournment or postponement thereof. Our Board of Directors recommends a vote **FOR** each of the director nominees, **FOR** proposals 2, 3 and 5 and **FOR** one year on proposal 4 listed above. Stockholders of record at the close of business on July 1, 2013 are entitled to notice of, and to vote on, all matters at the meeting and any reconvened meeting following any adjournments or postponements thereof. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at our corporate offices located at 6275 Nancy Ridge Dr., Suite 110, San Diego, California 92121.

All stockholders are invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, you are urged to vote or submit your proxy as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. Telephone and Internet voting are available. For specific instructions on voting, please refer to the instructions in the Notice of Internet Availability of Proxy Materials or the proxy card. If you hold your shares through an account with a brokerage firm, bank, or other nominee, please follow the instructions you receive from them to vote your shares.

**Important Notice Regarding Availability of Proxy Materials for the Annual Meeting:** Our Annual Report on Form 10-KT and our Notice of 2013 Annual Meeting of Stockholders and Proxy Statement are available at [www.proxyvote.com](http://www.proxyvote.com).

By Order of the Board of Directors

/s/ Keith Murphy

Keith Murphy  
*Chairman of the Board, Chief Executive Officer and President*

July 12, 2013

**ORGANOVO HOLDINGS, INC.**

6275 Nancy Ridge Dr., Suite 110,

San Diego, California 92121

**PROXY STATEMENT FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD AUGUST 21, 2013**

**This Proxy Statement, along with a proxy card,**

**is being made available to our stockholders on or about July 12, 2013**

**GENERAL INFORMATION**

We have made these proxy materials available to you in connection with the solicitation by the Board of Directors of Organovo Holdings, Inc. (the Board or Board of Directors ) of proxies to be voted at the 2013 Annual Meeting of Stockholders (the Meeting or Annual Meeting ) to be held on August 21, 2013 at our corporate offices at 6275 Nancy Ridge Dr., Suite 110, San Diego, California 92121 at 9:00 a.m. (local time) and any adjournments or postponements thereof. References in this proxy statement to the Company, we, our, and us are to Organovo Holdings, Inc.

In accordance with the rules of the Securities and Exchange Commission (the SEC ), we are permitted to furnish proxy materials, including this Proxy Statement, our Transition Report on Form 10-KT for the three month period ended March 31, 2013 and for the fiscal years ended December 31, 2010, 2011 and 2012 (the Annual Report ) to stockholders by providing access to these documents on the internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless requested. Instead, the Notice of Internet Availability of Proxy Materials provides instructions on how to access and review the proxy materials on the internet. The Notice of Internet Availability of Proxy Materials also provides instructions on how to cast your vote via the internet. If you would like to receive a printed or email copy of our proxy materials, please follow the instructions for requesting the materials in the Notice of Internet Availability of Proxy Materials.

**Record Date**

Holders of shares of our common stock, \$0.001 par value per share (the common stock ), our only class of issued and outstanding voting securities, at the close of business on July 1, 2013 (the Record Date ) are entitled to vote on the proposals presented at the Annual Meeting. As of July 1, 2013, 64,951,014 shares of our common stock were issued and outstanding.

**Quorum**

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business at the Meeting. Votes for and against, abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum.

The Annual Meeting may be adjourned from time to time and at any reconvened meeting, action with respect to the matters specified in this notice may be taken without further notice to stockholders except as required by applicable law and our charter documents.

**Stockholders of Record**

You are a stockholder of record if your shares are registered directly in your name with our transfer agent, VStock Transfer, LLC. As a stockholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the Annual Meeting.

### Shares Held in Street Name

You are deemed to beneficially own your shares in street name if your shares are held in an account at a brokerage firm, bank, broker-dealer, trust or other similar organization. If this is the case, you will receive a separate voting instruction form with this Proxy Statement from such organization. As the beneficial owner, you have the right to direct your broker, bank, trustee, or nominee how to vote your shares, and you are also invited to attend the Annual Meeting. If you hold your shares in street name and do not provide voting instructions to your broker, bank, trustee or nominee, your shares will not be voted on any proposals on which such party does not have discretionary authority to vote (a broker non-vote), as further described below under the heading Broker Non-Votes.

Please note that if your shares are held of record by a broker, bank, trustee or nominee and you wish to vote at the meeting, you will not be permitted to vote in person unless you first obtain a proxy issued in your name from the record holder.

### Broker Non-Votes

Broker non-votes are shares held by brokers, banks or other nominees who are present in person or represented by proxy, but which are not voted on a particular matter because the brokers, banks or nominees do not have discretionary authority with respect to that proposal and they have not received voting instructions from the beneficial owner. Under the rules that govern brokers, brokers have the discretion to vote on routine matters, but not on non-routine matters. The only routine matter to be considered at the Annual Meeting is the ratification of the appointment of the Company's independent registered public accountants. The remaining proposals to be considered at the Annual Meeting are considered to be non-routine matters. *As a result, if you do not provide your brokers or nominees with voting instructions on these non-routine matters your shares will not be voted on these proposals.*

### Voting Matters

Stockholders are entitled to cast one vote per share of common stock on each matter presented for consideration by the stockholders. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for a proper purpose during normal business hours at the executive offices of the Company for a period of at least 10 days preceding the day of the Annual Meeting.

The specific vote required for the election of a director and for the approval of each of the other proposals is set forth under each proposal.

There are five proposals scheduled to be voted on at the Annual Meeting:

1. To elect Tamar Howson and Richard Heyman, PhD as Class II Directors to hold office until the 2016 annual meeting of stockholders and until their respective successors are elected and qualified;
2. To ratify the appointment of Mayer Hoffman McCann P.C. as our independent registered public accounting firm for the fiscal year ending March 31, 2014;
3. To hold a non-binding advisory vote on the compensation of our named executive officers;
4. To hold a non-binding advisory vote on the frequency of the advisory vote on executive compensation; and
5. To approve an amendment to the 2012 Equity Incentive Plan to increase the number of shares of Common Stock issuable under the Plan by 5,000,000 shares.

Our Board of Directors recommends a vote **FOR** each of the director nominees, **FOR** proposals 2, 3 and 5 and **FOR** one-year on proposal 4 listed above. The specific vote required for the election of directors and for the approval of each of the other proposals is set forth under each proposal.





We are currently unaware of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement. If other matters are properly presented at the Annual Meeting for consideration and you are a stockholder of record and have submitted your proxy, the persons named in your proxy will have the discretion to vote on those matters for you.

### **Voting Instructions**

If you are a stockholder of record, you can vote in the following ways:

**By Internet:** by following the Internet voting instructions included on the proxy card at any time up until 11:59 p.m., Eastern Daylight Time, on August 20, 2013.

**By Telephone:** by following the telephone voting instructions included in the proxy card at any time up until 11:59 p.m., Eastern Daylight Time, on August 20, 2013.

**By Mail:** you may vote by mail by marking, dating and signing your proxy card in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials. The proxy card must be received prior to the Annual Meeting.

You may also vote your shares in person at the meeting. Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted in the event you later decide not to attend the Annual Meeting.

If your shares are held in street name, please follow the separate voting instructions you receive from your broker, bank, trustee or other nominee.

### **Proxies**

All shares represented by a proxy will be voted, and where a stockholder specifies a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If a stockholder does not indicate a choice on the proxy card, the shares will be voted in favor of the election of the nominees for director contained in this Proxy Statement, in favor of ratifying Mayer Hoffman McCann as the Company's independent registered public accounting firm for the fiscal year ended March 31, 2014, in favor of the non-binding advisory vote on the compensation of our named executive officers, in favor of one-year on the non-binding advisory vote on the frequency of the advisory vote on executive compensation, in favor of an amendment to the 2012 Equity Incentive Plan to increase the number of shares of Common Stock issuable under the Plan by 5,000,000 shares and in the discretion of the proxy holders on any other matter that comes before the meeting.

If your shares are held by a broker, bank or other stockholder of record, in nominee name or otherwise, exercising fiduciary powers (typically referred to as being held in street name), you may receive a separate voting instruction form with this Proxy Statement. Your broker may vote your shares on the proposal to ratify our independent auditors, but will not be permitted to vote your shares with respect to the election of directors or on any of the other proposals unless you provide instructions as to how to vote your shares. Please note that if your shares are held of record by a broker, bank or nominee and you wish to vote at the meeting, you will not be permitted to vote in person unless you first obtain a proxy issued in your name from the record holder.

### **Proxy Revocation Procedure**

If you are a stockholder of record, you may revoke your proxy: (i) by written notice of revocation mailed to and received by the Secretary of the Company prior to the date of the Annual Meeting (ii) by executing and delivering to the Secretary a proxy dated as of a later date than a previously executed and delivered proxy (provided, however, that such action must be taken prior to 5:00 p.m. (Pacific) on August 20, 2013), or (iii) by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not in and of itself revoke a proxy.

If your shares are held by a bank, broker or other agent, you may change your vote by submitting new voting instructions to your bank, broker or other agent, or, if you have obtained a legal proxy from your bank, broker or other agent giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

**Voting Results**

We will announce preliminary voting results at the Annual Meeting. We will report final results in a Form 8-K report filed with the SEC.

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**BOARD OF DIRECTORS INFORMATION**

Presently, the number of directors comprising our Board of Directors is five. Our Board is divided into three classes, with one class standing for election each year for a three-year term. There is one Class I director, two Class II directors, and two Class III directors. The Class I director is Keith Murphy, our Chief Executive Officer, whose term will expire at our 2015 Annual Meeting. Tamar Howson and Andras Forgacs are our Class II Directors, whose terms will expire at the 2013 Annual Meeting. Robert Baltera and James Glover are our Class III Directors whose terms will expire at our 2014 annual meeting of stockholders.

The Board, based on the recommendation of the Nominating and Corporate Governance Committee, has nominated Tamar Howson and Richard Heyman, PhD for election at the Annual Meeting as Class II Directors, for a three-year term expiring at the 2016 Annual Meeting. Directors are elected by a plurality of the votes cast at the Annual Meeting, which means that the two director nominees receiving the highest number of FOR votes will be elected as Class II directors. Both Ms. Howson and Dr. Heyman have indicated their willingness to serve if elected, but if either should be unable or unwilling to stand for election, the shares represented by proxies may be voted for a substitute as the Board may designate, unless a contrary instruction is indicated in the proxy.

In addition to the information set forth below regarding our directors and our director candidates and the skills that led our Board to conclude that these individuals should serve as directors, we also believe that all of our directors and director nominees have a reputation for integrity, honesty and adherence to the highest ethical standards. We believe they each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to our Company and our Board.

**Our Board of Directors**

The following sets forth information regarding the business experience of our current directors and our director nominees as of July 12, 2013:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Keith Murphy	41	Chairman of the Board, Chief Executive Officer, and President
James Glover	63	Director
Tamar Howson	64	Director Nominee
Robert Baltera, Jr.	48	Director
Richard A. Heyman, PhD	56	Director Nominee
Andras Forgacs	36	Director through Annual Meeting

***Nominees for Election as Class II Directors for a term expiring at the 2016 Annual Meeting of Stockholders***

**Tamar Howson, Director Nominee**, joined our Board in June 2013. Ms. Howson has served as a corporate business development and strategy consultant to biopharmaceutical companies since 2011. From 2009 to 2011, she served as a member of the transaction advisory firm, JSB-Partners, providing business development support to life sciences companies. From 2007 to 2008, Ms. Howson served as Executive Vice President, Corporate Business Development at Lexicon Pharmaceuticals, a biotech company. Prior to joining Lexicon Pharmaceuticals, Ms. Howson served as Senior Vice President, Corporate and Business Development at Bristol-Myers Squibb. Ms. Howson currently serves on the board of directors of Warner Chilcott Public Limited Company, Idenix Pharmaceuticals Inc. and OXiGENE, Inc. During the prior five years, Ms. Howson also served as a director of BioLineRx Ltd., S\*BIO Pte, Ltd. and Soligenix, Inc. In addition, Ms. Howson serves as a director of the International Partnership for Microbicides, a non-profit product development partnership. She previously served on the boards of Aradigm, Soligenix, S\*BIO, Ariad Pharmaceuticals, SkyePharma, NPS Pharma, Targacept, and HBA. Ms. Howson holds an MBA from Columbia University, a MS from City University of New York, and a BS in Chemical Engineering from the Technion, Israel.

Ms. Howson's extensive experience in the pharmaceutical and biotech industries, including as a corporate business development and strategy consultant to biopharmaceutical companies and as a senior professional at leading pharmaceutical companies, including Bristol-Myers Squibb and SmithKline Beecham, and her past and current service on the boards of directors of other public and private companies qualify her to be a member of our Board of Directors.

**Dr. Richard A. Heyman, Director Nominee**, has been nominated to be elected as a member of our Board at the 2013 Annual Meeting. Dr. Heyman has 20 years of drug discovery experience in the biotech sector and, most recently, cofounded Aragon Pharmaceuticals in 2009. In June 2013, Aragon announced a definitive agreement with Johnson and Johnson whereby Aragon will be acquired for up to \$1 billion dollars in total transaction value. Previously, he was Chief Scientific Officer at Kalypsys, Inc., where he conducted drug discovery in therapeutic areas such as metabolic diseases, pain, and inflammation. In 1999, he cofounded and served as Chief Scientific Officer of X-Ceptor Therapeutics, a company that developed compounds targeting nuclear receptors for the treatment of metabolic diseases. X-Ceptor was acquired by Exelixis in 2004. Before X-Ceptor, he was Vice President of Research at Ligand Pharmaceuticals and was project leader for multiple discovery programs, including the successful identification and development of Panretin<sup>®</sup> and Targretin<sup>®</sup>, retinoids approved by the FDA for the treatment of cancer. He was an NIH postdoctoral fellow and staff scientist at the Salk Institute for Biological Studies. He received a PhD in pharmacology from the University of Minnesota and a BS in chemistry from the University of Connecticut.

*Class I Director Continuing in Office until the 2015 Annual Meeting of Stockholders*

**Keith Murphy, Chairman of the Board, Chief Executive Officer, and President**, is one of our founders and joined us in July 2007. Mr. Murphy previously served at Alkermes, Inc., a biotechnology company, from July 1993 to July 1997, where he played a role on the development team for their first approved product, Nutropin (hGH) Depot. He moved to Amgen, Inc. in August 1997, where he developed several other novel formulation and device products. He has over 18 years of experience in biotechnology, including serving in Product Strategy and Director of Process Development roles at Amgen through July 2007. He was previously Global Operations Leader for the largest development program in Amgen's history, the osteoporosis/bone cancer drug Prolia/Xgeva (denosumab). He holds a BS in Chemical Engineering from MIT, and is an alumnus of the UCLA Anderson School of Management.

Mr. Murphy's previous experience in the biotechnology field, especially in developing novel products, and his educational experience qualify him to be a member of our Board of Directors.

*Class III Directors Continuing in Office until the 2014 Annual Meeting of Stockholders*

**James T. Glover, Director**, joined us in July 2012. Mr. Glover was the Senior Vice President, Operations and Chief Financial Officer of Anadys Pharmaceuticals, Inc., a publicly-traded biopharmaceutical company acquired by Hoffmann-La Roche Inc., from 2006 to 2009. From 1989 to 2006, he was employed by Beckman Coulter, Inc., a leading biomedical testing instruments company, most recently serving as Senior Vice President and Chief Financial Officer. Mr. Glover served as a director of Varian, Inc., a publicly-traded company purchased by Agilent Technologies, and was Varian's audit committee chairman. Mr. Glover received his BS in accounting from California State Polytechnic University and his MBA from Pepperdine University. Mr. Glover is also a certified public accountant.

Mr. Glover's previous service as a Chief Financial Officer for a number of public companies and his finance and accounting expertise and experience qualify him to be a member of our Board of Directors.

**Robert Baltera, Jr., Director**, joined us as a director in October 2009. Most recently, Mr. Baltera was the Chief Executive Officer of Amira Pharmaceuticals, a position he held from July 2007 through September 2011. Amira was sold to Bristol-Myers Squibb in September 2011 for \$325 million in cash up front, plus additional

milestone payments of up to \$150 million. Mr. Baltera is a seasoned pharmaceutical industry executive who has acquired a wealth of business and product management experience during his 17 years with biotech pioneer Amgen, beginning in November 1990. In his role of leading Amira, he was instrumental in focusing the company's development efforts, strengthening and developing its pipeline and forging key collaborations with partners such as GlaxoSmithKline. Before becoming Amira's CEO, he held a number of senior management positions at Amgen, the last being Vice President of Corporate and Contract Manufacturing. He served as Amgen's team leader responsible for the approval of Kineret in rheumatoid arthritis. Mr. Baltera has an MBA from the Anderson School at UCLA and earned a BS in microbiology and a MS in genetics from The Pennsylvania State University. Mr. Baltera attended the Director Education and Certification program at UCLA and passed the certification exam.

Mr. Baltera's previous executive leadership and product development experience at Amira and Amgen, as well as his educational background qualify him to be a member of our Board of Directors.

#### **Non-Continuing Class II Director with a term expiring at the 2013 Annual Meeting of Stockholders**

**Andras Forgacs, Director**, is one of our founders and joined us as a director in April, 2007. Mr. Forgacs has served as Chief Executive Officer of Modern Meadow, a private company focused on applying the latest advances in tissue engineering to develop cultured leather and meat products, since August 2011. Mr. Forgacs served as a Managing Director at Richmond Global, an international technology-focused venture fund from July, 2008 to January 2012. Prior to joining Richmond, beginning in November, 2005, he was a consultant in the New York office of McKinsey & Company advising global financial institutions, healthcare/pharmaceutical companies and private equity/venture capital firms. Mr. Forgacs began his career with Citigroup as an investment banker in the Financial Strategy Group in July, 1999, and helped found the client-facing Ecommerce Group. Mr. Forgacs is a Kauffman Fellow with the Center for Venture Education and a Term Member with the Council on Foreign Relations. He holds an MBA from the Wharton School of Business and a Bachelor of Arts with honors from Harvard University. Mr. Forgacs is the son of Gabor Forgacs, PhD, who developed Organovo's breakthrough organ printing technology while leading a team of top regenerative medicine scientists from multiple universities, with the backing of a \$5MM National Science Foundation Grant. Dr. Forgacs was one of the founders of the Company.

Mr. Forgacs' previous experience with emerging growth companies in the equity/venture capital field and his educational experience qualified him to be a member of our Board of Directors through the term of his service.

#### **No Family Relationships**

There are no family relationships between any of our officers and directors. Andras Forgacs is the son of Dr. Gabor Forgacs, who developed Organovo's breakthrough organ printing technology while leading a team of top regenerative medicine scientists from multiple universities, with the backing of a \$5MM National Science Foundation Grant. Dr. Forgacs was one of the founders of the Company.

#### **Board Committees**

	<b>Compensation Committee</b>	<b>Audit Committee</b>	<b>Nominating and Corporate Governance Committee</b>
Keith Murphy			
Tamar Howson	X	X	X
Andras Forgacs			
James Glover	Chair	Chair	X
Robert Baltera, Jr.	X	X	Chair

**Compensation Committee.** Our Compensation Committee currently consists of Ms. Tamar Howson and Messrs. James Glover (Chair) and Robert Baltera. The functions of the Compensation Committee include the approval of the compensation offered to our executive officers and recommending to the full Board the compensation to be offered to our non-employee directors. The Board has determined that Ms. Howson and Messrs. Glover and Baltera are each an independent director under the listing standards of the NYSE MKT stock exchange. In addition, the members of the Compensation Committee qualify as non-employee directors for purposes of Rule 16b-3 under the Exchange Act and as outside directors for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Compensation Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at [www.organovo.com](http://www.organovo.com)

**Audit Committee.** Our Audit Committee currently consists of Ms. Tamar Howson and Messrs. James Glover (Chair) and Robert Baltera. The functions of the Audit Committee include the retention of our independent registered public accounting firm, reviewing and approving the planned scope, proposed fee arrangements and results of the Company's annual audit, reviewing the adequacy of the Company's accounting and financial controls and reviewing the independence of the Company's independent registered public accounting firm. The Board has determined that each member of the Audit Committee is an independent director under the listing standards of the NYSE MKT stock exchange and the applicable rules and regulations of the SEC. The Board has also determined that Ms. Howson and Messrs. Glover and Baltera are each an audit committee financial expert within the applicable definition of the SEC. The Audit Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at [www.organovo.com](http://www.organovo.com).

**Nominating and Corporate Governance Committee.** Our Nominating and Corporate Governance Committee currently consists of Ms. Tamar Howson and Messrs. Robert Baltera (chair) and James Glover. The functions of the Nominating and Corporate Governance Committee include the identification, recruitment and nomination of candidates for the Board and its committees, making recommendations to the Board concerning the structure, composition and functioning of the Board and its committees (including the reporting channels through which the Board receives information and the quality and timeliness of the information), developing and recommending to the Board corporate governance guidelines applicable to the Company and annually reviewing and recommending changes (as necessary or appropriate), overseeing the annual evaluation of the Board's effectiveness and performance, and periodically conducting an individual evaluation of each director. The Board has determined that each current member of the Nominating and Corporate Governance Committee is an independent director under the listing standards of the NYSE MKT stock exchange. The Nominating and Corporate Governance Committee is governed by a written charter approved by the Board of Directors, a copy of which is available on our website at [www.organovo.com](http://www.organovo.com).

## CORPORATE GOVERNANCE MATTERS

### *Overview*

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are fundamental to the overall success of our business, serving our stockholders well and maintaining our integrity in the marketplace. Our Corporate Governance Guidelines and Code of Business Conduct, together with our Certificate of Incorporation, Bylaws and the charters of our Board Committees, form the basis for our corporate governance framework. As discussed below, our Board of Directors has established three standing committees to assist it in fulfilling its responsibilities to the Company and its stockholders: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The references to our website address below do not constitute incorporation by reference of the information contained at or available on our website.

### *Corporate Governance Guidelines*

Our Corporate Governance Guidelines are designed to facilitate the effective corporate governance of our Company. Our Corporate Governance Guidelines cover topics including, but not limited to, director qualification criteria, director responsibilities, director compensation, director orientation and continuing education, communications from stockholders to the Board, succession planning and the annual evaluations of the Board and its committees. Our Corporate Governance Guidelines are reviewed regularly by the Nominating and Corporate Governance Committee and revised when appropriate. The full text of our Corporate Governance Guidelines is available on our website at [www.organovo.com](http://www.organovo.com). A printed copy may also be obtained by any stockholder upon request to our Corporate Secretary.

### *Code of Business Conduct*

We have adopted a Code of Business Conduct that applies to all of our officers, directors, employees and consultants. We have posted a copy of our Code of Business Conduct, and intend to post any amendments to this Code, or any waivers of its requirements, on our website at [www.organovo.com](http://www.organovo.com), as permitted under the SEC's rules and regulations.

### *Board Independence*

We recently received approval to list our shares of common stock for trading on the NYSE MKT stock exchange. As a result, our Board utilizes the definition of "independence" as that term is defined by the listing standards of the NYSE MKT and the rules and regulations of the SEC, including the rules relating to the independence of the members of our Audit Committee. Our Board considers that a director is independent when the director is not an officer or employee of the Company or its subsidiaries, does not have any relationship which would, or could reasonably appear to, materially interfere with the independent judgment of such director, and the director otherwise meets the independence requirements under the listing standards of the NYSE MKT and the rules and regulations of the SEC. Our Board has reviewed the materiality of any relationship that each of our directors has with the Company, either directly or indirectly. Based on this review, our Board has affirmatively determined that Tamar Howson, James Glover, Robert Baltera and Richard Heyman, PhD each qualify as "independent" directors within the meaning of the listing standards of the NYSE MKT and the rules and regulations of the SEC.

### *Board Leadership Structure*

Our Bylaws provide our Board with flexibility to combine or separate the positions of Chairman of the Board and Chief Executive Officer in accordance with its determination that utilizing one or the other structure would be in the best interests of our Company and its stockholders. At the current time, our Chairman of the Board, Keith Murphy, also serves as our Chief Executive Officer and President. Our Board has determined that this structure is the most effective leadership structure for the Company at this time. The Board believes that



Mr. Murphy is the director best situated to identify strategic opportunities and to focus the activities of the Board due to his full-time commitment to the business and his company-specific experience. The Board also believes that the combined role of Chairman and Chief Executive Officer promotes effective execution of strategic imperatives and facilitates information flow between management and the Board. Our Board has determined that maintaining the independence of the Company's directors and managing the composition and function of the Board's committees help maintain the Board's strong, independent oversight of management. These independent directors meet regularly in executive session without the presence of management or any non-independent directors. In addition, our Audit, Compensation and Nominating and Corporate Governance Committees, which oversee critical matters such as the integrity of our financial statements, the compensation of executive management, the selection and evaluation of directors, the development and implementation of corporate governance policies, and the oversight of the Company's compliance with laws and regulations, each consist entirely of independent directors. Our Board will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

#### ***Board and Committee Attendance***

During the three-month transition period ended March 31, 2013 and during the fiscal year ended December 31, 2012, all directors attended at least 75% or more of the aggregate of the meetings of the Board and of each of the Board committees on which they served.

#### ***Director Attendance at the Annual Meeting***

We believe the Annual Meeting provides a good opportunity for our directors to hear any feedback that our stockholders may desire to share with the Company and the Board. As a result, we encourage our directors to attend our Annual Meetings. We reimburse our directors for the reasonable expenses they may incur in attending the Annual Meeting.

#### ***Executive Sessions***

Executive sessions of our independent directors are held at each regularly scheduled meeting of our Board and at other times they deem necessary. The Board's policy is to hold executive sessions without the presence of management, including our President and Chief Executive Officer. Our Board committees also generally meet in executive session at the end of each committee meeting.

#### ***Board Oversight of Risk***

Our Board is actively involved in the oversight of risks that could affect our Company. The Board as a whole has responsibility for risk oversight of the Company's risk management policies and procedures, with specific reviews of certain areas being conducted by the relevant Board committee. The Board satisfies this responsibility through reports by each Committee Chair to the Board regarding the Committee's considerations and actions, as well as through regular reports directly from the member or members of management responsible for oversight of particular risks within the Company. Specifically, the Board committees address the following risk areas:

The Compensation Committee is responsible for overseeing the management of risks related to the Company's executive compensation plans and arrangements.

The Audit Committee discusses with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Nominating and Corporate Governance Committee considers risks related to regulatory and compliance matters. The Board encourages management to promote a corporate culture that incorporates risk management into the Company's day-to-day business operations.

***Compensation Committee Interlocks and Insider Participation***

No member of our Compensation Committee has at any time been our employee. Except as set forth herein, none of our executive officers serves, or has served during the last fiscal year, as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or our Compensation Committee.

***Consideration of Director Nominees***

*General.* In evaluating nominees for membership on our Board, our Nominating and Corporate Governance Committee applies the Board membership criteria set forth in our Corporate Governance Guidelines. Under these criteria, the Committee takes into account many factors, including an individual's business experience and skills (including skills in core areas such as operations, management, technology, accounting and finance, strategic planning and international markets), as well as independence, judgment, knowledge of our business and industry, professional reputation, leadership, integrity and ability to represent the best interests of the Company's stockholders. In addition, the Nominating and Corporate Governance Committee will also consider the ability of the nominee to commit sufficient time and attention to the activities of the Board, as well as the absence of any potential conflicts with the Company's interests. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Board does not have a formal policy with respect to diversity of nominees. Rather, our Nominating and Corporate Governance Committee considers Board membership criteria as a whole and seeks to achieve diversity of occupational and personal backgrounds on the Board. Our Board will be responsible for selecting candidates for election as directors based on the recommendation of the Nominating and Corporate Governance Committee.

Our Nominating and Corporate Governance Committee regularly assesses the appropriate size of our Board, and whether any vacancies on our Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Committee will consider various potential nominees who may come to the attention of the Committee through current Board members, professional search firms, stockholders or other persons. Each potential nominee brought to the attention of the Committee, regardless of who recommended such potential nominee, is considered on the basis of the criteria set forth in our Corporate Governance Guidelines.

*Stockholder Nominees.* The Nominating and Corporate Governance Committee will review a reasonable number of candidates for director recommended by a single stockholder who has held over 0.1% of the Company's common stock for over one year and who satisfies the notice, information and consent provisions set forth in the Company's Bylaws. The Board will use the same evaluation criteria and process for director nominees recommended by stockholders as it uses for other director nominees. There has been no change to the procedures by which stockholders may recommend nominees to our Board. For information concerning stockholder proposals, see [Stockholder Proposals for the 2014 Annual Meeting](#) below in this Proxy Statement.

***Communications with the Board of Directors***

The Board desires that the views of stockholders will be heard by the Board, its Committees or individual directors, as applicable, and that appropriate responses will be provided to stockholders on a timely basis. Stockholders wishing to formally communicate with the Board, the independent directors as a group or any individual director may send communications directly to the Company at 6275 Nancy Ridge Dr., Suite 110, San Diego, California 92121, Attention: Corporate Secretary. All clearly marked written communications, other than unsolicited advertising or promotional materials, are logged and copied, and forwarded to the director(s) to whom the communication was addressed. Please note that the foregoing communication procedure does not apply to (i) stockholder proposals pursuant to Exchange Act Rule 14a-8 and communications made in connection with such proposals or (ii) service of process or any other notice in a legal proceeding.

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**EXECUTIVE OFFICERS**

The following persons are our executive officers and hold the positions set forth opposite their names as of July 1, 2013.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Keith Murphy	41	Chairman of the Board, Chief Executive Officer and President
Barry Michaels	63	Chief Financial Officer and Corporate Secretary
Sharon Presnell, PhD	44	Chief Technology Officer and Executive Vice President of Research and Development
Eric David, PhD	41	Chief Strategy Officer
Michael Renard	54	Executive Vice President of Commercial Operations

See the section entitled "Board of Directors Information" above, for a description of the business experience and educational background of Mr. Murphy.

**Barry D. Michaels, Chief Financial Officer and Corporate Secretary**, joined us in August 2011. Mr. Michaels was the Chief Financial Officer of Cardima, Inc., a publicly-traded medical device company (NASDAQ: CRDM), from July 2003 through June 2005, and thereafter a consultant to Cardima through January 2008. Mr. Michaels has been an independent consultant to medical device and technology companies since 1997, and has more than 30 years of combined industry experience. Since January 2008 and prior to joining us, Mr. Michaels devoted his time to his consulting practice. In addition to his consulting practice, Mr. Michaels served as Chief Financial Officer of Lipid Sciences (NASDAQ: LIPD), a biotechnology company, from May 2001 through January 2003. Prior to joining Lipid Sciences, Mr. Michaels served as the Chief Financial Officer of IntraTherapeutics, Inc., an endovascular company, from March 2000 until its acquisition by Sulzer Medica in May 2001. Mr. Michaels received an MBA in finance from San Diego State University and is an alumnus of the UCLA Anderson School of Management.

**Dr. Sharon Collins Presnell, Chief Technology Officer and Executive Vice President of Research and Development**, joined us in May 2011. Dr. Presnell has over 15 years of experience in the leadership of product-focused R&D. As an Assistant Professor at the University of North Carolina from 1998 to 2001, Dr. Presnell's research in liver and prostate biology and carcinogenesis produced cell- and tissue-based technologies that were out licensed for industrial applications. She joined Becton Dickinson & Co. (BD) in July 2001, and played a key role in the early discovery and development of BD's Discovery Platform and FACS CAP tools for the optimization of *in vitro* culture environments and flow cytometry-based characterization of cells. In her role at BD, she grew and led a large multi-disciplinary team to establish feasibility for the Discovery Platform and FACS CAP in multiple therapeutic areas, including diabetes, and stewarded both technologies through revenue-generating commercial partnerships. Dr. Presnell joined Tengion, Inc. in February 2007 as the Senior Vice President of Regenerative Medicine Research, a position that she held until joining us in May 2011. At Tengion, Dr. Presnell was directly involved in the discovery and early development of Tengion's Neo-Kidney Augment technology. Dr. Presnell holds a PhD in Pathology from the Medical College of Virginia.

**Dr. Eric Michael David, Chief Strategy Officer**, joined us in May 2012. Dr. David was most recently Associate Partner at the consultancy McKinsey & Company, where he served private equity, pharmaceutical, biotech, diagnostic, and medical device clients to support pipeline and R&D strategy, as well as market entry strategy. Dr. David played a critical role in the commercial translation of 3D bioprinting as a founder and early director of Organovo, Inc. Prior to his time at McKinsey, Dr. David served as a freelance consultant to the Department of Health and Human Services in the use of genomic technologies for early detection of pathogens for public health preparedness. He completed his residency in Internal Medicine at New York Presbyterian Hospital, where he served as Assistant Chief Resident and received the Dick Bowman Award for scientific endeavor and dedication to patient care. He was also Assistant Professor at The Rogosin Institute and adjunct

faculty at The Rockefeller University. He received his MD from Columbia University College of Physicians and Surgeons, his JD from Columbia University School of Law, and a BA in physics and fine arts from Amherst College. He is board certified in Internal Medicine and admitted to the Bar in New York State.

**Michael Renard, Executive Vice President of Commercial Operations**, joined us in May 2012. Mr. Renard has more than 29 years of experience in commercial operations, business development and sales and marketing for the life science industry. From 1997 until May 2012, he served at Beckman Coulter holding various positions in program management, business operations and business development. He most recently was the vice president of marketing for North America commercial operations where he was responsible for achieving \$2 billion in revenue across 11 major product lines. Before Beckman Coulter, he was Vice President and General Manager in a start-up development stage incubator division of Sanofi, Inc. and Director of Corporate Accounts at Kallestad Diagnostics. He has an MBA from Rockhurst University and a BA in biology and chemistry from St. Olaf College.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth certain information regarding the beneficial ownership of our common stock as of July 1, 2013 by (i) each person who, to our knowledge, beneficially owns more than 5% of our common stock; (ii) each of our directors, director nominees and named executive officers; and (iii) all of our executive officers, directors and director nominees as a group. Unless otherwise indicated in the table or the footnotes to the following table, each person named in the table has sole voting and investment power and such person's address is c/o Organovo Holdings, Inc., 6275 Nancy Ridge Dr., Suite 110, San Diego, California 92121.

We determined the number of shares of common stock beneficially owned by each person under rules promulgated by the SEC, based on information obtained from Company records and filings with the SEC. The information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and also any shares which the individual or entity had the right to acquire within sixty days of July 1, 2013. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other individual.

Applicable percentages are based on 64,951,014 shares of common stock outstanding as of July 1, 2013.

Beneficial Ownership(1) Name and address of Beneficial Owner	Number of Common Shares	Percent of Common Shares
<b>5% Stockholders</b>		
Gabor Forgacs	6,057,741(2)	9.3%
16 Pleasant Street		
Potsdam, NY 13676		
<b>Directors</b>		
Andras Forgacs	782,088(3)	1.2%
Robert Baltera, Jr.	160,006(4)	0.2%
James Glover	10,333(5)	0.0%
Tamar Howson		%
Richard Heyman, PhD		%
<b>Executive Officers</b>		
Keith Murphy	6,711,092(6)	10.3%
Barry Michaels	789,531(7)	1.2%
Sharon Presnell, PhD	502,816(8)	0.8%
Eric David, PhD	1,001,806(9)	1.5%
Michael Renard	187,500(10)	0.3%
All executive officers and directors as a group (10 persons)	10,145,172(11)	15.6%

- (1) Beneficial ownership of shares and percentage ownership are determined in accordance with the rules of the SEC. Unless otherwise indicated and subject to community property laws where applicable, the individuals named in the table above have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them.
- (2) Includes warrants to purchase 3,750 shares of common stock at an exercise price of \$1.00 per share.
- (3) Includes options to purchase 15,500 shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 15,500 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (4) Includes warrants to purchase 3,000 shares of common stock at an exercise price of \$1.00 per share. Includes options to purchase 15,500 shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 15,500 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.

- (5) Includes 10,333 options to purchase shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 20,667 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (6) 255,255 of these shares are held by Equity Trust Co., Custodian FBO Keith Murphy IRA. Includes warrants to purchase 30,000 shares of common stock at an exercise price of \$1.00 per share. Includes options to purchase 24,690 shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 215,000 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (7) Includes 99,218 options to purchase shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 142,969 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (8) Includes 278,752 options to purchase shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 668,440 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (9) Includes warrants to purchase 20,000 shares of common stock at an exercise price of \$1.00 per share. Includes options to purchase 187,500 shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 512,500 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (10) Includes options to purchase 187,500 shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 512,500 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.
- (11) Includes warrants to purchase 56,750 shares of common stock at an exercise price of \$1.00 per share. Does not include shares underlying warrants issued to the Placement Agent in connection with the Bridge Financing or the Offering. Includes options to purchase 818,993 shares currently exercisable or exercisable within 60 days of July 1, 2013. Does not include 2,148,575 additional shares of common stock subject to future vesting pursuant to the terms of stock option agreements.

**Changes in Control**

We are not aware of any or a party to arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change of control.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Act), requires our executive officers and directors and persons who beneficially own more than 10% of our common stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such persons. To the Company's knowledge, no person who, during fiscal year 2012 and during the three-month transition period ended March 31, 2013, was a director or officer of the Company, or beneficial owner of more than 10% of the Company's common stock (which is the only class of securities of the Company registered under Section 12 of the Act), failed to file on a timely basis reports required by Section 16 of the Act, except that Sharon C. Presnell, Chief Technology Officer and Executive Vice President of Research and Development, filed late one Form 4 on August 8, 2012 that reported the acquisition of shares of common stock upon the exercise of stock options. This late filing was due to an administrative oversight by the Company. The foregoing is based solely upon a review by the Company of Forms 3 and 4 relating to the most recent fiscal year as furnished to the Company under Rule 16a-3(d) under the Act, and Forms 5 and amendments thereto furnished to the Company with respect to its most recent fiscal year, and any representation received by the Company from any reporting person that no Form 5 is required.

## COMPENSATION DISCUSSION AND ANALYSIS

The following compensation discussion and analysis is designed to provide stockholders with an understanding of the Company's compensation philosophy and objectives as well as an overview of the analysis that our Compensation Committee performed in setting the compensation for our executive officers. This compensation discussion and analysis summarizes the Compensation Committee's determination of how and why, in addition to what, compensation actions were taken for each person serving as our chief executive officer, our chief financial officer and our three other most highly compensated executive officers (our named executive officers), who were as follows:

Keith Murphy, our Chief Executive Officer and President;

Barry Michaels, our Chief Financial Officer and Corporate Secretary;

Sharon Presnell, our Chief Technology Officer and Executive Vice President of Research & Development;

Eric David, our Chief Strategy Officer; and

Michael Renard, our Executive Vice President of Commercial Operations.

On March 31, 2013, our Board approved the change of our fiscal year end from December 31st to March 31st in alignment with the Company's intention to apply for an initial listing on the NYSE MKT stock exchange. In connection with this change, we are providing information in this compensation discussion and analysis for both the three-month transition period ended March 31, 2013, or the Transition Period, as well as for the 12-month period ended December 31, 2012.

### *Overview of Executive Compensation Program*

On February 8, 2012, Organovo, Inc., a privately held Delaware corporation, merged with and into Organovo Acquisition Corp., a wholly-owned subsidiary of the Company, with Organovo, Inc. surviving the merger as a wholly-owned subsidiary of the Company. Following our reverse merger transaction in February 2012, we formed a Compensation Committee to oversee our executive compensation programs and to determine executive compensation.

Our compensation programs are intended to align our executive officers' interests with those of our stockholders by rewarding their achievement of the specific Company and individual goals established by our Compensation Committee. Our compensation approach is tied to our early stage of development, with the performance goals established by the Compensation Committee focused on advancing our product development and commercialization objectives and, thereby, increasing long-term stockholder value.

In an effort to ensure our compensation practices are comparable to those of similar public biotech companies, the Compensation Committee engaged Compensia, Inc., an independent, national compensation consulting firm (Compensia), in April 2012. Compensia's services included the following:

an assessment of our executive compensation philosophy and plan structures and objectives;

the development of a peer group of companies for compensation comparison purposes;

the collection of competitive compensation levels for our executive positions;

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an assessment of our executives' base salaries, cash incentives and equity compensation levels; and

a review of board of director compensation market practices among public biotech companies of comparable size and/or stage. Compensia completed its assessment of our executive compensation program in April 2012 and its assessment of our director compensation program in July 2012.



The Compensation Committee reviews and approves all compensation decisions relating to our executives, including our named executive officers, and oversees and administers our executive compensation programs and plans. Our compensation programs and plans are designed to attract, retain, and incentivize talented executives, to motivate them to achieve our key financial, operational, and strategic goals, and to reward them for superior performance. As we continue to focus on meeting our product development and commercialization milestones, we expect that the specific direction, emphasis, and components of our executive compensation programs will continue to evolve.

During fiscal 2012 and the Transition Period, the objectives of our compensation programs included:

a program structure to attract and retain the most highly qualified executive officers;

appropriate guiding principles, including a comparative peer group and targeted market positioning for different compensation elements;

harmonization of salary, short-term cash incentives, long-term equity incentives, and other compensation benefits for executive officers hired under significantly different circumstances;

alignment of executive compensation, individually and as a team, to the long-term interests of stockholders;

program flexibility to permit the accommodation of appropriate individual circumstances; and

clear, aligned and easily measured performance goals.

Our Compensation Committee implemented changes to our compensation program during fiscal 2012 in connection with our transition from a private to a publicly-traded company. Our Compensation Committee intends to evaluate our compensation philosophy and programs as circumstances require in the future. At a minimum, our Compensation Committee will review executive compensation annually.

### ***Compensation Process***

Beginning in April 2012, our Compensation Committee was responsible for establishing our compensation philosophy and setting the compensation levels for our executive officers. To assist the Compensation Committee, our Chief Executive Officer prepares a report recommending the base salaries, short-term cash incentive targets, and long-term equity incentives for each executive officer. In addition to this report, our Compensation Committee considers relevant market compensation data. The Compensation Committee in its sole discretion may accept or adjust the compensation recommendations it is provided. No executive officer is allowed to be present at the time his or her compensation is being discussed or determined by the Compensation Committee.

***Benchmarking.*** As part of its services, Compensia developed and recommended a peer group of fifteen (15) biotech companies to be used by the Compensation Committee for benchmarking the Company's compensation programs. Each member of the peer group was selected based on an evaluation of the nature of its operations, including its revenues, net income, market capitalization and number of employees. The selected peer group averaged as follows: \$16 million in annual revenues, \$20 million in annual net losses, a market value of \$75 million and 48 employees.

The following companies comprised our peer group (the peer group) for fiscal 2012 and the Transition Period:

Aastron Biosciences  
BioMimetic Therapeutics  
CytRx  
InVivo Therapeutics  
Neuralstem

Arrowhead Research  
Cytokinetics  
Fibrocell Science  
Lpath  
Peregrine Pharmaceuticals

Athersys  
Cytori Therapeutics  
Insmmed  
Maxygen  
Rexahn Pharmaceuticals



The Compensation Committee has determined to use the same peer group for fiscal 2013 for purposes of benchmarking the Company's compensation programs.

**Evaluation of Executive Compensation.** At the Compensation Committee's request, in April 2012, Compensia conducted an executive compensation review to benchmark our executive compensation relative to our peer group and to supplemental data from published market surveys. The Compensation Committee used this report to evaluate whether our executive compensation levels, including base salary, short-term cash incentives and long-term equity incentives, were within industry norms. Based on this report, the Compensation Committee determined that the Company's executive compensation programs were more aligned with pre-IPO practices than public company practices, and that the total compensation for all executives was substantially below peer practices due to low base salaries and the lack of cash and equity incentives.

**Determination of Executive Compensation.** In setting compensation for our executive officers, our Compensation Committee's philosophy is to consider market levels of compensation. During 2012, with the assistance of Compensia, the Compensation Committee established a philosophy to target total compensation for our named executives at the 50<sup>th</sup> percentile of market, based on our peer group. Total compensation for this purpose comprises base salary, annual short-term cash incentives and long-term equity incentives.

In addition to market benchmarking, the Compensation Committee reviews the compensation recommendations of our Chief Executive Officer (other than with respect to determining his own compensation), considers the Company's overall performance during the prior fiscal year, each executive's individual contributions during the prior fiscal year, the individual's annual performance reviews based on achievement of annual goals, industry research, and other relevant market data. With respect to new hires, our Compensation Committee considers an executive's background and historical compensation in lieu of prior year performance.

#### **Components of Executive Compensation**

Our current executive compensation program consists of the following components:

base salary;

short-term cash incentives;

long-term equity-based incentives; and

other benefits.

The Compensation Committee endeavors to combine these elements to develop a compensation package that provides competitive pay, rewards the achievement of financial, operational, and strategic objectives and aligns the interests of our executive officers and other senior personnel with those of our stockholders.

**Base Salary:** The Compensation Committee has provided, and will continue to provide, our executive officers with a base salary to compensate them for services provided during the fiscal year. In setting base salaries, our Compensation Committee considers, and will continue to consider, the executive's position, our success in achieving our prior year corporate goals, the individual's contribution and performance during the prior fiscal year, relevant market data, and benchmark levels. The evaluations and recommendations proposed by our Chief Executive Officer are also considered. With respect to new hires, the Compensation Committee considers an executive's background and historical compensation in lieu of prior year performance. Our Compensation Committee evaluates and sets the base salaries for our executives following annual performance evaluations, as well as upon a promotion or other change in responsibility. We expect our Compensation Committee to continue these policies going forward.

In setting the base salaries for our executives for 2012, our Compensation Committee initially did so subjectively based on their research, informal benchmarking, and personal knowledge of companies in the biotech industry. Following the assessment of our compensation programs by Compensia, which was completed in April 2012, the Compensation Committee adjusted certain base salaries effective July 2012 to be more in line with the philosophy to target compensation at the 50<sup>th</sup> percentile of market. The bases salaries of our executive officers for fiscal 2012 and for the Transition Period and fiscal 2013 are set forth in the following table:

Name and Title	2012	Revised 2012	Transition Period and Fiscal 2013
	Base Salary	Base Salary(1)	Base Salary
Keith Murphy, <i>Chief Executive Officer and President</i>	\$ 302,500	\$ 321,000	\$ 330,630
Barry Michaels, <i>Chief Financial Officer and Corporate Secretary</i>	\$ 230,022	\$ 262,500	\$ 270,375
Sharon Presnell, <i>Chief Technology Officer and Executive Vice President of Research &amp; Development</i>	\$ 248,000	\$ 262,500	\$ 270,375
Eric David, <i>Chief Strategy Officer</i>	\$ 270,010	\$ 270,010	\$ 278,110
Michael Renard, <i>Executive Vice President of Commercial Operations</i>	\$ 240,006	\$ 240,006	\$ 247,206

(1) Salary increases effective July 2012.

**Short-Term Cash Incentive Awards.** We did not have a formal cash incentive program prior to July 2012. For the year ended December 31, 2011, the Compensation Committee awarded discretionary bonuses to Messrs. Murphy and Michaels and Ms. Presnell based on their services during fiscal 2011. The Compensation Committee also approved a signing bonus payment for Mr. David upon his acceptance of employment with the Company.

During 2012, with the assistance of Compensia, the Compensation Committee developed and adopted an annual cash incentive plan, which provides executive officers an incentive opportunity as a percent of their base salary based upon the achievement of corporate performance goals evaluated and approved by the Compensation Committee.

For fiscal 2012, the Compensation Committee determined that each named executive officer's annual incentive base, target and stretch bonus opportunity expressed as a percentage of their base salary would be equal to 15%, 30% and 45%, respectively; subject to satisfaction of the applicable performance criteria required for the achievement of the base, target and stretch performance levels. Under the annual cash incentive plan, the Compensation Committee has discretion to determine the actual percentage of the annual incentive award the executives will receive for partial achievement of the performance objectives. For example, if the Company achieves one or more (but not all) of the target performance objectives, the Compensation Committee can award an annual incentive bonus between 15% and 30% of the executive officer's base salary.

Following the conclusion of fiscal 2012, the Compensation Committee evaluated the Company's performance and determined that the annual incentive bonus payable to each of the executive officers would be 29.5% of the executive officer's base salary, resulting in the following payments made in March 2013:

Name and Title	2012 Bonus Potential	2012 Bonus Award	% of Target Potential
	at Target		
Keith Murphy, <i>Chief Executive Officer and President</i>	\$ 92,204	\$ 90,667	98.3
Barry Michaels, <i>Chief Financial Officer and Corporate Secretary</i>	\$ 75,221	\$ 73,967	98.3
Sharon Presnell, <i>Chief Technology Officer and Executive Vice President of Research &amp; Development</i>	\$ 78,851	\$ 77,537	98.3
Eric David, <i>Chief Strategy Officer</i>	\$ 48,290	\$ 47,486	98.3
Michael Renard, <i>Executive Vice President of Commercial Operations</i>	\$ 47,078	\$ 46,293	98.3



**Equity-Based Incentive Awards.** In addition to base salaries and annual cash incentives, the Compensation Committee provides long-term, equity-based incentive awards to our executive officers. These equity-based incentive awards generally consist of options to purchase shares of our common stock and restricted stock units ( RSUs ). The Compensation Committee believes that stock option and RSU awards help further the Company's compensation objectives by encouraging executives to remain with the Company through at least the vesting period for these awards and providing them with an incentive to continue to focus on the Company's long-term financial performance and increasing stockholder value.

The Compensation Committee has and plans to continue to grant long-term equity incentive awards to the Company's executive officers in connection with their initial hire, following promotions and on an annual basis. The guidelines for initial grants are based on the executive's position and the guidelines for annual grants are designed to partially replace the number of options initially granted to the executive at hiring that vest after one year. With respect to new hires, the Compensation Committee will also consider the executive's background and historical compensation when determining the number of options or RSUs to grant to the executive. The actual number of options or RSUs for an executive may be higher or lower than these guidelines, based on their individual performance or extraordinary achievements.

The Compensation Committee approved the following equity awards during fiscal 2012 and the Transition Period:

**2012 Annual Equity Awards.** On April 18, 2012, Mr. Michaels and Ms. Presnell were granted options to purchase 62,500 and 175,000 shares of our common stock, respectively, at an exercise price of \$2.25, the closing price of our common stock on the date of grant.

On August 6, 2012, Mr. Murphy was granted 200,000 time-based RSUs and 200,000 performance-based RSUs. The time-based RSUs vest over four (4) years in equal annual installments. The performance-based RSUs vest upon the achievement of certain performance objectives on or prior to December 31, 2014, including assuring that the Company has adequate working capital to support its business plan, the entry into certain commercial arrangements, the satisfaction of all required qualifications for listing of the Company's common stock on one of the national stock exchanges and certain analyst coverage of, and reports on, the Company. The actual number of shares that vest may be 0% to 100% of the 200,000 performance-based RSUs granted, depending on the achievement of these performance measures.

**New Hire Equity Awards.** On July 23, 2012, Messrs. Renard and David were each granted options to purchase 600,000 shares of our common stock at an exercise price of \$1.65 per share, the closing price of our common stock on the date of grant. 25% of the option shares vest 12 months from the vesting start date, and the remaining options vest on a quarterly basis over the next 12 quarters (for a total vesting period of 48 months from the date of grant).

**Initial Equity Award.** Mr. Michaels did not receive an equity-based award when he joined the Company in 2011. On August 6, 2012, Mr. Michaels was granted 750,000 time-based RSUs. The time-based RSUs vest over four (4) years in equal annual installments.

**Executive Incentive Award Agreements.** In connection with the issuance of the time-based RSUs to Messrs. Murphy and Michaels in August 6, 2012, the Compensation Committee approved executive incentive award agreements for these executive officers. Under the executive incentive award agreements, Messrs. Murphy and Michaels will be allowed to pay applicable federal and state withholding taxes by returning an equivalent number of vested RSUs to the Company for cancellation on the applicable vesting date. If they elect to return shares to the Company for cancellation on an annual vesting date to cover their respective federal and state withholding taxes, these executive officers will automatically be issued on such vesting date a stock option. The number of shares of common stock subject to the stock option will be equal to the number of shares the executive officer

returns to the Company as payment for applicable federal and state withholding taxes and will be fully vested. The exercise price of the stock option will be equal to the closing sale price of the Company's common stock on the applicable vesting date.

**2013 Transition Period Equity Awards.** On March 12, 2013, the Compensation Committee granted each of the named executive officers stock options for fiscal 2013, including an option for 215,000 shares for Mr. Murphy and options for 100,000 shares for each of Ms. Presnell and Messrs. Michaels, David and Renard. Each of the stock options have an exercise price of \$3.93 per share, the closing price of our common stock on the date of grant. The stock options vest over a four year period, with 25% of the shares vesting on January 1, 2014, and the remaining shares vesting quarterly over the next three years.

**Stock and Option Grant Practices.** All long-term equity incentives to our executives, employees, consultants and directors have been granted at no less than the fair market value on the date of the award or grant. The amount of realizable value related to such grants and awards is determined by our stock price on the dates of vesting and, therefore, will be determined by our financial performance in the time after the award but prior to vesting. Whether the stock price moves up or down shortly after the award date is largely irrelevant for purposes of the long-term equity incentives.

The exercise price of any option grant and the value of any RSU award are determined by reference to the fair market value of the underlying shares, which our 2012 Equity Incentive Plan (the Plan) defines as the closing price of our common stock on the date of grant. However, because options have been, and will continue to be, granted at fair market value, such options only have cash value to the holder to the extent that the stock price of our common stock increases during the term of the option. RSUs generally have cash value equal to the current stock price.

Under the Plan, stock option grants generally vest over four years, with 25 percent of the option shares vesting on the one-year anniversary of the vesting commencement date and the remaining option shares vesting on a quarterly basis over the next 12 quarters (for a total vesting period of 48 months from the date of grant). All vesting is subject to continued service to the Company. All options have a 10-year term. Additional information regarding accelerated vesting following a change in control is discussed below under Potential Payments upon Termination or Change in Control.

**Other Benefits.** In order to attract and retain qualified individuals and pay market levels of compensation, we have historically provided, and will continue to provide, our executives with the following benefits:

**Health Insurance** We provide each of our executives and their spouses and children the same health, dental, and vision insurance coverage we make available to our other eligible employees.

**Life and Disability Insurance** We provide each of our executives with the same life and disability insurance as we make available to our other eligible employees.

**Pension Benefits** We do not provide pension arrangements or post-retirement health coverage for our executives or employees, nor do we currently offer a 401(k) plan to employees.

**Nonqualified Deferred Compensation** We do not provide any nonqualified defined contribution or other deferred compensation plans to any of our employees.

**Perquisites** We limit the perquisites that we make available to our executive officers. Our executives are entitled to relocation expenses on their initial hire and other benefits with de minimis value that are not otherwise available to all of our employees.

**Employment Agreements and Severance and Change of Control Benefits**

**Employment Agreement.** We entered into an employment agreement with Mr. Murphy in February 2012. The terms of Mr. Murphy's employment agreement provide for him to receive a base salary per year as determined by the Board or a committee of the Board. The term of the employment agreement expired after one year from the effective date, and automatically renews thereafter, unless we provide Mr. Murphy advanced notice of nonrenewal. Mr. Murphy is also eligible to participate in our annual bonus plan and other short-term incentive compensation plans established for our senior executives by our Board or the Compensation Committee. Mr. Murphy is also entitled to participate in our equity-based incentive plans. Mr. Murphy is not entitled to any severance payments under his employment agreement.

**Severance Benefits.** Pursuant to the terms of their respective offer letters, Mr. Michaels, Ms. Presnell and Mr. Renard are entitled to certain severance benefits in the event of termination for any reason other than cause. Provided that Mr. Michaels, Ms. Presnell or Mr. Renard execute the Company's form Release and Non-Disparagement Agreement in connection with any such termination, each is entitled to three months of his or her respective salary and benefits plus an additional two weeks of salary and benefits for each fully completed year of employment, up to a maximum of six months of total salary and benefits paid. See "Potential Payments upon Termination or Change of Control" below.

**Change of Control Benefits.** The outstanding equity awards held by the Company's named executive officers provide such named executive officers with accelerated vesting upon the named executive officer's involuntary termination without cause or their voluntary termination for good reason within 12 months of a change in control of the Company.



**REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and included in this Proxy Statement. Based on these reviews and discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee of the Board of Directors:

Robert Baltera, Jr.

James Glover, Chair

Tamar Howson

## EXECUTIVE COMPENSATION

The following tables contain compensation information for our named executive officers during the three-month transition period ended March 31, 2013 and for the 12-month periods ended December 31, 2012, 2011 and 2010. The information included in these tables should be read in conjunction with the Compensation Discussion and Analysis disclosed above.

### Summary Compensation Table

The following table summarizes the total compensation paid to or earned by each named executive officer for the three-month transition period ended March 31, 2013, and the fiscal years ended December 31, 2012, 2011 and 2010.

Name and Principal Position	Year or Period	Salary\$(1)	Bonus(4) (\$)	Option	Stock	Non-	All Other	Total (\$)
				Awards (5) (\$)	Awards (\$)	Equity Incentive Plan Compensation(6)	Compensation (7) (\$)	
Keith Murphy Chairman, Chief Executive Officer, and President	3 Mo. Transition Period	82,658		741,131				823,789
	2012	298,885			680,000	90,667		1,069,552
	2011	217,711	30,000				(3)	247,711
	2010	110,000(2)						110,000
Barry D. Michaels Chief Financial Officer and Corporate Secretary	3 Mo. Transition Period	67,594		305,349				372,943
	2012	241,889		234,432	1,275,000	73,967		1,825,288
	2011	74,315	25,000					99,315
	2010							
Sharon Presnell Chief Technology Officer and Executive Vice President of Research and Development	3 Mo. Transition Period	67,594		305,349				372,943
	2012	253,298		303,996		77,537		634,831
	2011	157,385	50,000	54,635			24,681	286,701
	2010							
Eric David Chief Strategy Officer	3 Mo. Transition Period	69,528		305,349				374,877
	2012	160,968	22,500	757,758		47,486	28,245	1,016,957
	2011							
	2010							
Michael Renard Executive Vice President of Commercial Operations	3 Mo. Transition Period	61,802		305,349				367,151
	2012	156,927		758,946		46,293	40,000	1,002,166
	2011							
	2010							

- (1) The Transition Period is for the three months ended March 31, 2013, with the Transition Period salary pro-rated based on the respective executive's annual salary.
- (2) Includes \$63,462 base salary earned, but deferred to future periods.
- (3) Excludes payments made for a personal computer used primarily for business purposes in the aggregate of less than \$10,000.
- (4) Annual bonuses for fiscal year 2011 were awarded by the Compensation Committee after the completion of the fiscal year taking into account the Company's performance against corporate and individual goals. Includes a \$22,500 sign-on bonus awarded to Mr. Eric David when he joined the Company in 2012.
- (5) These amounts represent the grant date fair value of equity-based awards granted by the Company during the periods presented, determined in accordance with FASB ASC Topic 718. All awards are amortized over the vesting life of the award. For the assumptions used in our valuations, see Note 7 Stockholders Equity of our notes to consolidated financial statements in the transition report on Form 10-KT for the three months ended March 31, 2013, as filed with the SEC.
- (6) The amounts for fiscal year 2012 were awarded under the Company's annual cash incentive plan based on the achievement of Company goals approved by the Compensation Committee.
- (7) Excludes payments made for the reimbursement of medical insurance premiums. Amounts included in the All Other Compensation column for Ms. Presnell, Mr. David and Mr. Renard represent relocation expenses incurred upon hire.



**Grants of Plan-Based Awards**

**Transition Period.** The following table provides information on the grants of awards made to each named executive officer during the three-month transition period ended March 31, 2013 under the 2012 Plan.

Name	Grant Date	All other stock awards: number of shares of stock or units (#)	All other option awards: number of securities underlying options (#)(1)	Exercise or base price of option awards (\$/share)	Grant date fair value of stock and option awards (\$)
Keith Murphy	2/13/2013		24,690	4.58	84,631
	3/12/2013		215,000	3.93	656,500
Barry Michaels	3/12/2013		100,000	3.93	305,349
Sharon Presnell	3/12/2013		100,000	3.93	305,349
Eric David	3/12/2013		100,000	3.93	305,349
Michael Renard	3/12/2013		100,000	3.93	305,349

(1) Mr. Murphy's stock options listed above vested on the grant date. The other stock options listed above vest 25% on the first anniversary of the date of grant, with the remaining vesting in equal quarterly amounts over the following three years.

**Fiscal Year 2012.** The following table provides information on the grants of awards made to each named executive officer during the fiscal year ended December 31, 2012 under the 2012 Plan.

Name	Grant Date	No. of Units Granted Under Non-Equity Incentive Plan Awards(2)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units(2)	All Other Option Awards: Number of Securities Underlying Options(3)	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
			Threshold	Target	Maximum				
<b>Keith Murphy</b>									
Annual Bonus(1)			\$ 46,102	\$ 92,204	\$ 138,306				
Restricted Stock	8/6/2012					200,000		\$ 340,000	
Restricted Stock	8/6/2012					200,000		\$ 340,000	
<b>Barry Michaels</b>									
Annual Bonus(1)			37,610	75,221	112,831				
Restricted Stock	8/6/2012					750,000		\$ 1,275,000	
Stock Options	4/18/2012						62,500	2.25 108,570	
Stock Options	8/23/2012						79,687(4)	2.10 125,862	
<b>Sharon Presnell</b>									
Annual Bonus(1)			39,425	78,851	118,276				
Stock Options	4/18/2012						175,000	2.25 303,996	
<b>Eric David</b>									
Annual Bonus(1)			24,145	48,290	72,436				
Stock Options	7/23/2012						600,000	1.65 757,758	
<b>Michael Renard</b>									
Annual Bonus(1)			23,539	47,078	70,617				
Stock Options	7/23/2012						600,000	1.65 758,946	

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- (1) The amounts shown reflect possible payments under our annual incentive bonus program for fiscal year 2012, under which the named executive officers were eligible to receive a cash bonus based on a target percentage of base salary upon the Company's achievement of certain pre-established performance

- measures. The named executive officers received payouts pursuant to this program for 2012 in March 2013. Please see Executive Compensation Compensation Discussion and Analysis for more information regarding our annual incentive program.
- (2) The restricted stock units were granted under our stock incentive plan. The restricted stock units generally vest 25% on the first anniversary of the date of grant and 25% on each anniversary over the remaining three years. However, 200,000 of the restricted stock units granted to Mr. Murphy are performance-based restricted stock units subject to vesting upon the achievement of certain performance objectives. Please see Executive Compensation Compensation Discussion and Analysis for more information regarding these awards.
  - (3) The stock options were granted under our stock incentive plan. The stock options generally vest 25% on the first anniversary of the date of grant, with the remaining rights vesting quarterly over the remaining three years. Please see Executive Compensation Compensation Discussion and Analysis for more information regarding these awards.
  - (4) The stock options were issued upon the return of restricted stock units by the executive to cover tax liability related to the vesting of 187,500 restricted stock units. The stock options were granted with immediate vesting at the vesting date market value exercise price.

**Outstanding Equity Awards**

**Transition Period.** The following table shows certain information regarding outstanding equity awards as of March 31, 2013 for the named executive officers.

Name	No. of Securities Underlying Unexercised Options (#)	Option Awards			Stock Awards Market Value of	
		No. of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or Units of stock that have not vested(#)	shares or Units of stock that have not vested\$(1)
Keith Murphy	24,690(2)	215,000(4)	3.93	3/12/2023	350,000(3)	1,288,000
			4.58	2/13/2023		
Barry Michaels	79,687(7)	62,500(5)	2.25	4/18/2022	562,500(6)	2,070,000
		100,000(4)	3.93	3/12/2023		
			2.10	8/23/2022		
Sharon Presnell		672,192(8)	0.08	5/1/2021		
		175,000(5)	2.25	4/18/2022		
		100,000(4)	3.93	3/12/2023		
Eric David		600,000(9)	1.65	7/23/2022		
		100,000(4)	3.93	3/12/2023		
Michael Renard		600,000(10)	1.65	7/23/2022		
		100,000(4)	3.93	3/12/2023		

- (1) The market value of the RSU s is determined by multiplying the number of shares underlying the RSU s by the closing price for our common stock of \$3.68 on March 31, 2013.
- (2) Upon the return of restricted stock units by the executive to cover tax liability related to the vesting of 50,000 restricted stock units, stock options were granted on February 13, 2013 with immediate vesting at the vesting date market value exercise price.
- (3) Represents 200,000 performance-based restricted stock units subject to vesting upon the achievement of certain performance objectives, and 200,000 time-based restricted stock units of which 50,000 shares vested on February 13, 2013, with the remaining shares vesting 25% annually over the next three years.
- (4) 25% of the stock options vest and become exercisable on January 1, 2014, with the remaining shares vesting in equal quarterly amounts over the next three years.

- (5) 25% of the stock options vest and become exercisable on April 18, 2013, with the remaining shares vesting in equal quarterly amounts over the next three years.
- (6) Represents 750,000 time-based restricted stock units of which 187,500 shares vested on August 23, 2012, with the remaining shares vesting 25% annually over the next three years.
- (7) Upon the return of restricted stock units by the executive to cover tax liability related to the vesting of 187,500 restricted stock units, stock options were granted on August 23, 2012 with immediate vesting at the vesting date market value exercise price.
- (8) 25% of the stock options vested and became exercisable on May 2, 2012, with the remaining shares vesting 25% annually over the next three years. Sharon Presnell had exercised 25% or 224,064 shares of her grant.
- (9) 25% of the stock options vest and become exercisable on May 14, 2013, with the remaining shares vesting in equal quarterly amounts over the next three years.
- (10) 25% of the stock options vest and become exercisable on April 30, 2013, with the remaining shares vesting in equal quarterly amounts over the next three years.

**Fiscal Year 2012.** The following table shows certain information regarding outstanding equity awards as of December 31, 2012 for the named executive officers.

Name	Option Awards		Stock Awards			
	No. of Securities	No. of Securities	Option	Option	Number of	Market Value of
	Underlying	Underlying	Exercise	Expiration	shares or	shares or Units
	Unexercised	Unexercised	Price		Units of stock	of stock that
	Options(#)	Options (#)	(\$)	Date	that	have not
	Exercisable	Unexercisable			have not	vested\$(1)
					vested(#)	
Keith Murphy					400,000(2)	1,040,000
Barry Michaels	79,687(5)	62,500(3)	2.25 2.10	4/18/2022 8/23/2022	562,500(4)	1,462,500
Sharon Presnell		672,192(6) 175,000(3)	0.08 2.25	5/1/2021 4/18/2022		
Eric David		600,000(7)	1.65	7/23/2022		
Michael Renard		600,000(8)	1.65	7/23/2022		